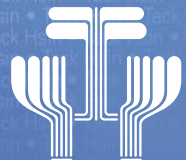


POSITION FOR A BRIGHTER FUTURE

TACK HSIN HOLDINGS LIMITED

Stock Code : 00611

Interim Report 2006



CONTENTS

CORPORATE INFORMATION	2
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	
Condensed Consolidated Income Statement	3
Condensed Consolidated Balance Sheet	4
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Cash Flow Statement	7
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	8
MANAGEMENT DISCUSSION AND ANALYSIS	14
OTHER INFORMATION	16

CORPORATE INFORMATION

Board of Directors

Executive Directors:

Mr. Chan Shu Kit (*Chairman*)
Mr. Kung Wing Yiu (*Deputy Chairman*)
Mr. Chan Ho Man

Independent non-executive Directors:

Mr. Kung Fan Cheong
Mr. Chan Ka Ling, Edmond
Mr. Lo Kin Cheung

Audit Committee

Mr. Chan Ka Ling, Edmond (*Chairman*)
Mr. Kung Fan Cheong
Mr. Lo Kin Cheung

Remuneration Committee

Mr. Chan Ka Ling, Edmond (*Chairman*)
Mr. Chan Shu Kit
Mr. Kung Fan Cheong
Mr. Lo Kin Cheung

Company Secretary

Mr. Tam Cheuk Ho

Principal Bankers

Liu Chong Hing Bank Limited
HSBC Holdings Plc

Auditors

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

Hong Kong Legal Adviser

Richards Butler
19th Floor
Alexandra House
Central
Hong Kong

Bermuda Legal Adviser

Conyers, Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

Hong Kong Share Registrars

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

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Hong Kong Principal Office

Unit 1203 12/F
Peninsula Centre
67 Mody Road
Tsim Sha Tsui East
Kowloon
Hong Kong

Stock Code

611

The board of directors (the "Board") of Tack Hsin Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2006, together with the comparative figures. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2006

		For the six months ended 30 September	
	Notes	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
REVENUE	2	78,813	59,258
Other income and gains		627	3,853
Cost of inventories used		(26,912)	(20,261)
Staff costs		(25,885)	(21,644)
Rental expenses		(10,393)	(7,852)
Utilities expenses		(8,117)	(6,247)
Depreciation		(1,472)	(968)
Other operating expenses		(12,868)	(11,663)
Finance costs	3	(421)	(300)
Share of profits of:			
Jointly-controlled entity		52	41
Associates		—	193
LOSS BEFORE TAX	4	(6,576)	(5,590)
Tax	5	—	(567)
LOSS FOR THE PERIOD		<u>(6,576)</u>	<u>(6,157)</u>
Attributable to:			
Equity holders of the parent		(6,508)	(6,198)
Minority interests		(68)	41
		<u>(6,576)</u>	<u>(6,157)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
BASIC	6	<u>(1.81 cents)</u>	<u>(1.72 cents)</u>
DIVIDEND	7	<u>Nil</u>	<u>Nil</u>

CONDENSED CONSOLIDATED BALANCE SHEET

30 September 2006

	<i>Notes</i>	30 September 2006 (Unaudited) <i>HK\$'000</i>	31 March 2006 (Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	8	20,467	13,446
Investment properties		41,500	45,800
Prepaid land lease payments		4,965	5,005
Property held for development		4,665	4,665
Interest in a jointly-controlled entity		1,219	1,134
Interests in associates		–	950
		<hr/>	<hr/>
Total non-current assets		72,816	71,000
CURRENT ASSETS			
Inventories		3,318	3,742
Trade receivables	9	361	532
Prepayments, deposits and other receivables		11,325	9,061
Tax recoverable		60	60
Cash and cash equivalents		27,476	36,821
		<hr/>	<hr/>
Total current assets		42,540	50,216
CURRENT LIABILITIES			
Trade payables	10	3,770	3,309
Other payables and accruals		14,771	11,202
Interest-bearing bank and other borrowings	11	548	448
Amount due to a minority shareholder		1,579	1,579
Provision for long service payments		2,321	1,896
		<hr/>	<hr/>
Total current liabilities		22,989	18,434
NET CURRENT ASSETS		<hr/>	<hr/>
		19,551	31,782
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		92,367	102,782
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	11	11,075	11,311
Deferred tax liabilities, net		1,159	1,159
		<hr/>	<hr/>
Total non-current liabilities		12,234	12,470
Net assets		<hr/>	<hr/>
		80,133	90,312

CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

30 September 2006

	30 September 2006 (Unaudited) <i>HK\$'000</i>	31 March 2006 (Audited) <i>HK\$'000</i>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	36,032	36,032
Reserves	44,101	50,609
Proposed final dividend	—	3,603
	<hr/>	<hr/>
	80,133	90,244
Minority interests	—	68
	<hr/>	<hr/>
Total equity	<u>80,133</u>	<u>90,312</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2006

	Attributable to equity holders of the parent									
	Issued share capital	Share premium account	Contributed surplus	Fixed asset revaluation reserve	Investment revaluation reserve	Retained profits/ losses	Proposed final dividend	Total	Minority interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2006	36,032	37,934	19,679	-	-	(7,004)	3,603	90,244	68	90,312
Loss for the period	-	-	-	-	-	(6,508)	-	(6,508)	(68)	(6,576)
Total income and expense for the period	-	-	-	-	-	(6,508)	-	(6,508)	(68)	(6,576)
Final 2006 dividend declared	-	-	-	-	-	-	(3,603)	(3,603)	-	(3,603)
At 30 September 2006	<u>36,032</u>	<u>37,934</u>	<u>19,679</u>	<u>-</u>	<u>-</u>	<u>(13,512)</u>	<u>-</u>	<u>80,133</u>	<u>-</u>	<u>80,133</u>
At 1 April 2005	36,032	37,934	23,282	-	30	3,034	3,603	103,915	54	103,969
Changes in the fair value of an available-for-sale investment	-	-	-	-	(30)	-	-	(30)	-	(30)
Surplus arising from revaluation of properties	-	-	-	160	-	-	-	160	-	160
Total income and expense for the period recognised directly in equity	-	-	-	160	(30)	-	-	130	-	130
Profit/(loss) for the period	-	-	-	-	-	(6,198)	-	(6,198)	41	(6,157)
Total income and expense for the period	-	-	-	160	(30)	(6,198)	-	(6,068)	41	(6,027)
Final 2005 dividend declared	-	-	-	-	-	-	(3,603)	(3,603)	-	(3,603)
At 30 September 2005	<u>36,032</u>	<u>37,934</u>	<u>23,282</u>	<u>160</u>	<u>-</u>	<u>(3,164)</u>	<u>-</u>	<u>94,244</u>	<u>95</u>	<u>94,339</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2006

For the six months
ended 30 September

	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Net cash outflow from operating activities	(3,999)	(14,003)
Net cash outflow from investing activities	(4,775)	(1,912)
Net cash outflow from financing activities	(655)	(506)
Net decrease in cash and cash equivalents	(9,429)	(16,421)
Cash and cash equivalents at beginning of period	36,821	56,727
Cash and cash equivalents at end of period	<u>27,392</u>	<u>40,306</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	7,476	40,809
Non-pledge time deposits with original maturity of less than three months when acquired	20,000	—
Bank overdrafts	(84)	(503)
	<u>27,392</u>	<u>40,306</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2006

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2006.

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 March 2006, 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 statements which are set out as below.

HKAS 21 Amendment	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above-mentioned accounting standards has had no material impact on the accounting policies of the Group and the method of computation in the Group’s condensed consolidated interim financial statements.

2. SEGMENT INFORMATION

The Group's operating business are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. The following table presents revenue and results for the Group's business segments for the six months ended 30 September 2006 and 2005.

	Restaurant		Property		Corporate		Consolidated	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Segment revenue:								
Revenue	78,177	58,932	636	326	-	-	78,813	59,258
Other income and gains	39	32	19	3,553	-	-	58	3,585
Total	78,216	58,964	655	3,879	-	-	78,871	62,843
Segment results	(1,353)	(4,691)	(949)	3,125	(4,474)	(4,226)	(6,776)	(5,792)
Interest income							569	268
Finance costs							(421)	(300)
Share of profits of:								
Jointly-controlled entity	52	41	-	-	-	-	52	41
Associates	-	193	-	-	-	-	-	193
Loss before tax							(6,576)	(5,590)
Tax							-	(567)
Loss for the period							(6,576)	(6,157)

3. FINANCE COSTS

For the six months
ended 30 September

	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	410	300
Interest on finance leases	11	-
	421	300

4. LOSS BEFORE TAX

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

	For the six months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Recognition of prepaid land lease payments	40	40
Surplus arising from revaluation of buildings	(19)	(414)
Fair value gains on investment properties	–	(2,800)
Fair value loss of an available-for-sale investment	–	8
Fair value loss of an investment at fair value through profit or loss	–	123
Impairment of amounts due from associates	950	–
	<u>950</u>	<u>–</u>

5. TAX

	For the six months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Current – Underprovision of Hong Kong profits tax in prior years	–	8
Deferred	–	559
	<u>–</u>	<u>567</u>
Total tax charge for the period	<u>–</u>	<u>567</u>

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2005: Nil).

There was no share of tax attributable to a jointly-controlled entity and associates during the period (2005: Nil).

6. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amounts is based on the unaudited loss for the period attributable to ordinary equity holders of the parent of approximately HK\$6,508,000 (2005: HK\$6,198,000), and the 360,321,620 ordinary shares of the Company in issue during the period.

Diluted loss per share amounts for the periods ended 30 September 2006 and 2005 have not been disclosed as no diluting events existed during the periods.

7. DIVIDEND

At a meeting of the Board held on 13 December 2006, the directors resolved not to pay any interim dividend to shareholders (2005: Nil). Accordingly, no closure of Register of Members of the Company is proposed.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK\$8,474,000 (2005: HK\$1,873,000) on the acquisition of property, plant and equipment.

9. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Within 3 months	340	325
4 to 6 months	21	84
7 to 12 months	–	123
Total	<u>361</u>	<u>532</u>

The Group's trading terms with customers are mainly by cash and credit card settlement, except for certain well-established customers where the terms vary with customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

10. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Within 3 months	3,765	3,267
4 to 6 months	2	–
Over 1 year	3	42
Total	<u>3,770</u>	<u>3,309</u>

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

11. INTEREST-BEARING BANK AND OTHER BORROWINGS

At 30 September 2006, the bank loan was secured by the Group's buildings and investment properties with a carrying value of HK\$300,000 (31 March 2006: HK\$300,000) and HK\$23,500,000 (31 March 2006: HK\$28,300,000), respectively, and guarantees given by the Company.

12. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2006. As at 31 March 2006, the Group had bank guarantees given in lieu of a property rental deposit amounting to HK\$1,000,000.

13. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

		For the six months ended 30 September	
	Notes	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Transactions with a jointly controlled entity:			
Management fee income received	(i)	132	308
Transactions with a director:			
Rental expense paid	(ii)	36	36

Notes:

- (i) The Group received management fee income from a jointly-controlled entity for management service provided by the Group. The management fee was determined based on mutual agreement.
- (ii) The Group paid rental expense to a director of the Company. The rental was determined with reference to open market rentals.
- (b) Outstanding balances with related parties

	Due from related parties		Due to related parties	
	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Jointly-controlled entity	958	926	-	-
Associated companies	-	950	-	-
Minority shareholder	-	-	1,579	1,579

13. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Short term employee benefits	884	884
Post-employment benefits	21	21
Other long term employee benefits	2	–
	<hr/>	<hr/>
Total compensation paid to key management personnel	<u>907</u>	<u>905</u>

14. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 13 December 2006.

RESULTS

For the first half of the financial year, the Group recorded an unaudited consolidated revenue of HK\$78,813,000 (2005: HK\$59,258,000) and an unaudited consolidated loss attributable to ordinary equity holders of the parent of HK\$6,508,000 (2005: HK\$6,198,000). The directors have resolved not to declare any interim dividend (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The local consumers' market was benefited from the continuous growth of Hong Kong's economy with falling unemployment rate and had positive impact on the Group's businesses. For the six months ended 30 September 2006, the unaudited consolidated revenue of the Group increased by HK\$19,555,000 and the unaudited consolidated loss attributable to equity holders of the parent increased by HK\$310,000 as compared with the corresponding period last year. The loss was primarily attributable to the fact that returns from our new investment projects have not yet been fully reflected.

In prior years, the Group continued to strengthen the adjustment and control on production costs and paid attention to the fluctuation in market prices. The gross profit for the period has still exceeded 65%, which was at broadly the same level as in prior years. Currently, the Group has adequate cash on hand and there is no pressure on cash flow. In the previous year, the Group has carried out renovation of its restaurants. The turnover of each restaurant in the first half of this financial year has been increased as compared with the corresponding period last year. The Group believes that our businesses will attain prominent growth in the second half of the year.

In view of the encouraging results achieved by Obrien Road Branch in Wanchai, Hong Kong since its opening, the Board determined to establish another branch in other locations on Hong Kong Island. In September this year, the Group has explored an appropriate shop in Causeway Bay Plaza 2 with an aggregate operating floor area of 5,560 sq. ft. The Group has seized this opportunity to complete the renovation of this eatery within a very short period of time and it has opened in early November.

Meanwhile, the Group has rented a ground floor shop of the same area as in Mongkok Hotel Project for the opening of Macau Cafe, which has also opened in early November. It is anticipated that the Mongkok Hotel Project will commence for operation before the Lunar New Year.

Property investment

The Group is still planning and considering the best proposal in respect of a parcel of land on Lantau Island acquired in 2005, which could be used for property development or redevelopment of residential buildings. Due to the recent satisfactory performance of the property market, the Group expects that it will bring considerable profits.

Liquidity and financial resources

For the purpose of the Group's liquidity and financial resources, as at 30 September 2006, the Group had bank and other borrowings of HK\$11,623,000 (31 March 2006: HK\$11,759,000), which were secured by certain of the Group's properties.

The aggregate cash and cash equivalents was approximately HK\$27,476,000 as at 30 September 2006, with most of which being non-pledge time deposits with original maturity of less than 3 months when acquired. Besides, the Group's shareholders' equity was HK\$80,133,000 (31 March 2006: HK\$90,312,000). As at the balance sheet date, the Group's ratio of non-current liabilities to shareholders' equity was 0.15 (31 March 2006: 0.14).

The Group's bank and other borrowings, bank balances and cash are mainly denominated in Hong Kong dollars, and hence it is not exposed to exchange risk.

Contingent liabilities

At the balance sheet date, the Group had no material contingent liabilities. As at 31 March 2006, the Group had bank guarantees given in lieu of a property rental deposit amounting to HK\$1,000,000.

Number of employees and remuneration policy

As at 30 September 2006, the Group had 365 employees. The remuneration packages of whom are being reviewed regularly each year with reference to prevailing market condition.

There is no share option scheme established for employees by the Group during the six months ended 30 September 2006.

OUTLOOK

The strong growth in consumer's market of restaurants was driven by two major factors, i.e. the continuous improvement of the local economical environment with steady growth and the increasing employment rate. The Group remains optimistic towards our future operations. In the future, the Group will commit to enhance the development of the local market to ensure the Group can capitalise on our competitive strengths in respect of market share.

Recently, the Group has identified a shop located at MegaBox Square, Kowloon Bay with an aggregate operating floor area of 10,500 sq. ft. for the establishment of a restaurant. The Group has entered into an agreement in respect of the leasing issues with the landlord for a term of 6 years. It is estimated that the investments amount to approximately HK\$8,000,000 and it is expected that the branch would commence operations in the summer of 2007.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2006, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(1) Long positions in ordinary shares of the Company

Name of director	Number of ordinary shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Chan Shu Kit	–	114,240,000 (note 1)	114,240,000	31.70
Kung Wing Yiu	7,802,000	–	7,802,000	2.16

(2) Long positions in shares of associated corporation

Conyick Investments Limited, the Company's subsidiary

Name of director	Capacity and nature of interest	Type of shares held	Number of shares held	Percentage of shareholding in respective class of shares
Chan Shu Kit	Directly beneficially owned	Non-voting deferred	400,000	66.66
Chan Shu Kit (note 2)	Corporate	Ordinary	100	100
Kung Wing Yiu	Directly beneficially owned	Non-voting deferred	50,000	8.33

Notes:

- These shares are held through Hoylake Holdings Limited, a company wholly owned by Chan Shu Kit.
- The interests of Chan Shu Kit are held via a chain of controlled corporations, namely Hoylake Holdings Limited, the Company, Tack Hsin (BVI) Holdings Limited, Tack Hsin Properties Limited and Rainbow Star Holding Group Limited.

In addition to the above, a director has non-beneficial personal equity interests in a subsidiary held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 30 September 2006, none of the directors and chief executives and their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2006, the following interests and short positions were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Hoylake Holdings Limited (<i>note 1</i>)	Directly beneficially owned	114,240,000	31.70

Notes:

- (1) This interest has also been disclosed as an interest of Chan Shu Kit under the section headed "Directors' interests and short positions in shares" above.
- (2) As at 30 September 2006, according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, TH2 Holding LLC was interested in 17,544,000 shares representing 4.86% of the Company's issued share capital. Such interests in 17,544,000 shares were disclosed by TH2 Holding LLC since 8 April 2003 pursuant to Section 336 of the SFO.

Save as disclosed above, as at 30 September 2006, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests and short positions in shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2006.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company complied with the code provisions (“Code Provisions”) set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the accounting period covered by the interim report for the six months ended 30 September 2006, except for the deviations as mentioned below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Chan Shu Kit currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Under the current Bye-laws of the Company, any director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election. The Board considers that it is not necessary for the directors so appointed to retire at the first general meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three members, namely Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung, all are independent non-executive directors of the Company. The interim report for the six months ended 30 September 2006 have been reviewed by the Audit Committee.

On behalf of the Board
Chan Shu Kit
Chairman

Hong Kong
13 December 2006