

The Board of Directors are pleased to present the Interim Report and accounts of Berjaya Holdings (HK) Limited (the "Company") and its subsidiaries (the "Group") for the six months ended 31st October 2005. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 31st October 2005 and the consolidated balance sheet as at 31st October 2005 of the Group, along with the notes, are set out on pages 6 to 18 of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 31st October 2005, the Group incurred a loss of HK\$2.12 million compared to a loss of HK\$3.53 million for the six months ended 31st October 2004. This is primarily due to surplus on revaluation of the investment properties in the current period. The Group continued to generate stable rental income from its investment properties.

There had been no significant changes in the Group's performance since the latest annual report for the year ended 30th April 2005. There were also no acquisitions and disposals of subsidiaries and associated companies within the Group during the six months ended 31st October 2005.

Management believes that the Group will continue to have an adequate working capital. Other than normal operating cash flow, there is no significant cash requirement in the year to 30th April 2006. As of 31st October 2005, the Group had outstanding bank loan of approximately HK\$7.48 million (30th April 2005: HK\$7.71 million). Such bank loan was secured by the investment properties of the Group located in Hong Kong with a net book value of HK\$42.07 million (30th April 2005: HK\$39.76 million). In addition to the bank loans, the Group also has outstanding loans from related companies of HK\$54.20 million (30th April 2005: HK\$51.86 million). These loans are unsecured and not repayable within the next twelve months.

The gearing ratio for the Group as at 31st October 2005 is 18% (30th April 2005: 18% restated) which is calculated based on the total bank loan to the total shareholders' equity of the Group.

On 4th October 2004, the Group entered into a sale and purchase agreement with MWE Properties Sendirian Berhad, a third party company, to dispose of a property held for sale at a consideration of HK\$4.16 million. The sale was completed in August 2005.

The Group will endeavour to divest some of the assets to reduce bank borrowings and at the same time will seek new investment opportunities to improve profitability and to provide growth for the Group.

INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend for the six months ended 31st October 2005 (2004: Nil).

DETAILS OF THE CHARGES ON GROUP ASSETS

The investment properties in Hong Kong with an aggregate carrying value of HK\$42.07 million as at 31st October 2005 (30th April 2005: approximately HK\$39.76 million) have been mortgaged as securities for the Group's banking facilities.

SHARE CAPITAL

The Company's total issued share capital as at 31st October 2005 was 591,047,975 ordinary shares of HK\$0.20 each (the "Shares").

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CONTINGENT LIABILITIES

At 31st October 2005, the Group did not have any significant contingent liabilities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31st October 2005, none of the Director and chief executive has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company.

At no time during the period was the Company, its holding company, or any of its subsidiaries, associated companies, or fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31st October 2005, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executives.

Long position in shares

Name of shareholders	Number of ordinary shares	Percentage of shareholding
Berjaya Group Berhad (<i>Note</i>)	292,149,475	49.43
Berjaya Group (Cayman) Limited (<i>Note</i>)	252,149,475	42.66
Grandgroup Investments Limited	126,245,000	21.36
Berjaya Leisure (Cayman) Limited (<i>Note</i>)	40,000,000	6.77

Note: Berjaya Group Berhad's interests in the share capital of the Company include the interests of Berjaya Group (Cayman) Limited and Berjaya Leisure (Cayman) Limited, subsidiaries of Berjaya Group Berhad.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

On 1st January 2005, the Code of Best Practice was replaced by the Code on Corporate Governance Practices (the "Code") as contained in Appendix 14 of the Listing Rules.

During the period, the Company has been taking action to comply with the code provisions set out in the Code, such as Remuneration Committee has been established to monitor the Group's development in this area except for the following deviations:

Code Provision A.1.1

Code Provision A.1.1 stipulates that members of the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals and such regular board meetings will normally involve the active participation, either in person or through other electronic means of communication.

Full board meetings have not been held quarterly as the Directors consider meetings by circulation are sufficient. Sufficient measures will be taken to ensure that the Company's corporate governance practices are no less exacting than those in this Code.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election.

Two Independent Non-executive directors of the Company are not appointed for a specified term, but are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Articles of Association.

Code provision A.4.2

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. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Company's Articles of Association, at each annual general meeting, one-third of the directors for the time being or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office and the managing director is not subject to retirement by rotation and the director appointed to fill a casual vacancy shall retain his office until the next following annual general meeting.

In order to ensure compliance with the above Code Provision A.4.2, relevant amendments to the Articles of Association of the Company will be proposed for approval by the shareholders at the next annual general meeting such that every director shall be subject to retirement by rotation at least once every three years and director appointed to fill a casual vacancy shall be subject to election at the first general meeting.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE") OF LISTING RULES

For the six months period to 31st October 2005, the Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the six months ended 31st October 2005, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

LIST OF DIRECTORS OF THE COMPANY

During the period, the Board comprises seven directors, of which four are executive directors, namely Mr. Chan Kien Sing, Mr. Chin Chee Seng Derek, Ms. Tan Ee Ling and Mr. Wong Man Hong and three are independent non-executive directors, namely Dato' Lee Ah Hoe, Mr. Tan Tee Yong and Mr. Leou Thiam Lai and there is no subsequent change in the composition of the Board.

REMUNERATION COMMITTEE

A Remuneration Committee has been established in accordance with the requirement of the Code on Corporate Governance Practices. The Remuneration Committee comprises three members namely Dato' Lee Ah Hoe, Mr. Tan Tee Yong and Mr. Leou Thiam Lai, Dato' Lee Ah Hoe is the Chairman of Remuneration Committee.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the interim accounts for the six months ended 31st October 2005 with the Directors.

On behalf of the Board

Chan Kien Sing

Chairman

Hong Kong, 14th December 2005