Carico Holdings Limited
中汽資源投資有限公司*

(Incorporated in Bermuda with limited liability)

Interim Report 2005

*For identification purpose only

The board of directors (the "Board") of Carico Holdings Limited (the "Company") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2005. These interim financial statements have not been audited, but have been reviewed by the Company's audit committee (the "Audit Committee") and by the Company's independent auditors, CCIF CPA Limited, in accordance with the Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2005

		Six months ended	
	Note	**30.9.2005 (unaudited) HK$'000**	30.9.2004 (unaudited) HK$'000
Turnover	*2*	**15,796**	8,750
Cost of sales		**(19,897)**	(8,334)
Gross (loss)/profit		**(4,101)**	416
Other net loss	*3*	**(944)**	(993)
Administrative expenses		**(16,376)**	(18,741)
Provision for bad and doubtful debts		**(4,484)**	(749)
Provision for impairment and write offs		**(4,451)**	–
Finance costs	*4*	**(533)**	(431)
Share of profit/(loss) of associates		**300**	(389)
Loss before taxation	*5*	**(30,589)**	(20,887)
Taxation	*6*	**–**	–
Loss for the period		**(30,589)**	(20,887)
Attributable to:			
Equity holders of the parent		**(30,589)**	(19,526)
Minority interests		**–**	(1,361)
		(30,589)	(20,887)
Loss per share	*7*		
		HK$	HK$
– Basic		**(0.016)**	(0.015)
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2005

	Note	**30.9.2005 (unaudited) HK$'000**	31.3.2005 (audited) HK$'000
Non-current assets			
Property, plant and equipment	*9*	**629**	4,097
Interests in associates	*10*	**35,088**	31,194
Available-for-sale financial assets		**506**	506
		36,223	35,797
Current assets			
Inventories		**–**	20,605
Other financial assets at fair value through profit or loss		**91**	8,468
Amounts due from related companies		**47**	960
Trade and other receivables	*11*	**28,963**	21,615
Cash and bank balances		**698**	3,505
		29,799	55,153
Current liabilities			
Other payables		**2,567**	6,106
Shareholder's loan		**15,780**	4,380
Convertible bonds		**–**	16,000
		18,347	26,486
Net current assets		**11,452**	28,667
NET ASSETS		**47,675**	64,464
CAPITAL AND RESERVES			
Share capital	*12*	**2,072**	17,272
Reserves		**44,242**	45,831
Minority interest		**1,361**	1,361
		47,675	64,464

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2005

	Unaudited									
	Attributable to equity holders of the parent									
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Enterprises development reserve HK$'000	Accumulated (losses)/ profit HK$'000	Total HK$'000	Minority interest HK$'000	Total equity HK$'000
At 1 April 2005	**17,272**	**22,435**	**235**	**58,685**	**1,868**	**803**	**(38,195)**	**63,103**	**1,361**	**64,464**
Issue of shares	**3,450**	**10,350**	**–**	**–**	**–**	**–**	**–**	**13,800**	**–**	**13,800**
Capital reduction	**(18,650)**	**–**	**–**	**18,650**	**–**	**–**	**–**	**–**	**–**	**–**
Cancellation of share premium	**–**	**(22,435)**	**–**	**22,435**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer	**–**	**–**	**–**	**(84,264)**	**–**	**–**	**84,264**	**–**	**–**	**–**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(30,589)**	**(30,589)**	**–**	**(30,589)**
At 30 September 2005	**2,072**	**10,350**	**235**	**15,506**	**1,868**	**803**	**15,480**	**46,314**	**1,361**	**47,675**
At 1 April 2004	125,813	31,109	235	–	1,868	803	(95,453)	64,375	–	64,375
Capital reduction	(120,915)	–	–	120,915	–	–	–	–	–	–
Cancellation of share premium	–	(32,185)	–	32,185	–	–	–	–	–	–
Transfer	–	–	–	(94,415)	–	–	94,415	–	–	–
Issue of new shares	9,232	2,852	–	–	–	–	–	12,084	–	12,084
Loss for the period	–	–	–	–	–	–	(20,887)	(20,887)	1,361	(19,526)
At 30 September 2004	14,130	1,776	235	58,685	1,868	803	(21,925)	55,572	1,361	56,933

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 September 2005

	Six months ended	
	30.9.2005 (unaudited) HK$'000	30.9.2004 (unaudited) HK$'000
Net Cash Outflow from Operating Activities	**(16,018)**	(19,168)
Net Cash Inflow/(Outflow) from Investing Activities	**4,544**	(6,198)
Net Cash Inflow from Financing Activities	**8,667**	23,377
Net Decrease in Cash and Cash Equivalents	**(2,807)**	(1,989)
Cash and Cash Equivalents, Beginning of Period	**3,505**	4,066
Cash and Cash Equivalents, End of Period	**698**	2,077

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2005, 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:

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 12	Income Taxes
HKAS 14	Segment Report
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 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

The adoption of HKASs 1, 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 28, 33, 34, 37 and 38 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited condensed consolidated financial statements. The impact of adoption the other HKFRSs is summarised as follows:

(a) HKFRS 2 – Share-based Payment

In prior periods, no recognition and measurement of share-based transactions in which selected participants were granted share options over shares in the Company was required until such options were exercised by the selected participants, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when selected participants by the Group render services as consideration for equity instruments ("equity-settled transaction"), the cost of the equity-settled transactions with selected participants is measured by reference to the fair valuer using a Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant selected participants become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The share options granted to selected participants up to 30 September 2005 are all granted after 7 November 2002 and had been vested before 1 January 2005.

The Group has taken advantage of the transitional provisions set out in paragraph 53 of HKFRS 2 under which the new recognition and measurement policies have not been applied. Hence there is no effect on the results for the six months ended 30 September 2005 and 30 September 2004, and the reserves as of those dates.

(b) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets

In prior periods, goodwill/negative goodwill arising on acquisition prior to 1 January 2001 was eliminated against consolidated capital reserve in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired business.

Goodwill arising on acquisition on or after 1 January 2001 was capitalized and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment. Negative goodwill was carried in the balance sheet and was recognised in the consolidated income statement on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets, except to the extent it related to expectations of future losses and expenses that were identified in the acquisition plan and that could be measured reliably, in which case, it was recognised as income in the consolidated income statement when the future losses and expenses were recognised.

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortised but subject to an annual impairment review (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Any excess of the Groups' interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries and associates (previously referred to as "negative goodwill"), after reassessment, is recognised immediately in the income statement.

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 January 2005 the carrying amounts of accumulated amortisation with a corresponding entry to the cost of goodwill and to derecognize the carrying amounts of negative goodwill (including that remaining in consolidated capital reserve) against retained earnings. Goodwill previously eliminated against consolidated capital reserve remains eliminated against consolidated capital reserve and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

The effects of the above changes are summarised below. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

Effect on loss for the six months ended 30 September 2005 and 2004:

	Six months ended	
	30.9.2005	30.9.2004
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Discontinuation of amortization of goodwill	**673**	–
Effect on loss per share:		
Basic	**(0.0004)**	N/A
Diluted	**N/A**	N/A

(c) HKAS 32 and HKAS 39 – Financial Instruments

Equity securities

In prior periods, the Group classified its investments in equity securities as long term investments which were held for non-trading purposes and were stated at cost less any impairment losses.

Upon the adoption of HKASs 32 and 39, these securities are classified as available-for-sale financial assets. Available-for-sale financial assets are those non-derivative investments in listed and 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 financial assets 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 income statement.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. 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 and option pricing models.

When the fair value of unlisted equity securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimate 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 securities are stated at cost.

The Group assess at each balance sheet date whether there is any objective evidence that an available-for-sales financial assets is impaired as a result of one or more events that occurred after 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 income statement. The amount of the loss recognised in the income statement shall be the difference between the acquisition cost and recognised in the income statement.

Nonetheless, the adoption of the HKAS 32 and HKAS 39 has no material effect on the results for the six months ended 30 September 2005 except the classification of accounts.

2. SEGMENTAL INFORMATION

Turnover represents total net invoiced value of goods supplied to customers outside the Group.

The analysis of the Group's turnover and business segments of operations for the six months ended 30 September 2005 are as follows:

	For the six months ended 30.9.2005			
	Manufacturing and trading of automotive components & cars HK$'000	**Trading of electronics components HK$'000**	**Others HK$'000**	**Consolidated HK$'000**
Turnover	**624**	**15,172**	**–**	**15,796**
Segment results	**–**	**(15,155)**	**(1,019)**	**(16,174)**
Unallocated group expenses				**(14,182)**
Finance costs				**(533)**
Share of profit of associates				**300**
Loss before taxation				**(30,589)**
Taxation				**–**
Loss for the period				**(30,589)**

	For the six months ended 30.9.2004			
	Manufacturing and trading of automotive components & cars HK$'000	Trading of electronics components HK$'000	Others HK$'000	Consolidated HK$'000
Turnover	750	8,000	–	8,750
Segment results	(2,737)	(167)	(545)	(3,449)
Unallocated group expenses				(16,618)
Finance costs				(431)
Share of loss of associates				(389)
Loss before taxation				(20,887)
Taxation				–
Loss for the period				(20,887)

3. OTHER NET LOSS

	Six months ended 30.9.2005 (unaudited) HK$'000	Six months ended 30.9.2004 (unaudited) HK$'000
Net loss realised from disposal of other financial assets	**(1,019)**	(787)
Unrealised fair value losses on other financial assets	**–**	(210)
Others	**75**	4
	(944)	(993)

4. FINANCE COSTS

	Six months ended 30.9.2005 (unaudited) HK$'000	Six months ended 30.9.2004 (unaudited) HK$'000
Interest on shareholder's loan	**528**	–
Interest on convertible bonds	**5**	–
Interest on short term loan	**–**	412
Finance charges on leases	**–**	19
	533	431

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30.9.2005 (unaudited) HK$'000	Six months ended 30.9.2004 (unaudited) HK$'000
Depreciation of property, plant and equipment	**557**	722
Provision for bad and doubtful debts	**4,484**	749
Provision for impairment and write offs		
– Plant and machinery	**3,150**	–
– Inventories	**1,301**	–
	4,451	–
Amortisation of intangible assets	**–**	25

6. TAXATION

No provision for Hong Kong Profits tax and overseas tax in which the Group operates, have been made in the financial statement as the Group did not have any assessable profit derived from Hong Kong or any other jurisdictions for the period ended 30 September 2005 (2004: Nil).

Hong Kong profits tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profit for the period, if any.

The taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions where applicable.

7. LOSS PER SHARE

(a) Basic loss per share

The basic loss per share is calculated based on the consolidated loss attributable to shareholders of HK$30,589,000 (2004: HK$19,526,000) and on the weighted average of 1,883,599,039 shares (2004: 1,318,224,010 shares) in issue during the six months period.

(b) Diluted loss per share

No amount has been presented for the diluted loss per share for the period ended 30 September 2005 as the conversion of the outstanding share options would reduce the loss per share from continuing ordinary operations.

8. DIVIDENDS

The Board has resolved not to declare an interim dividend for the period.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$239,000 (31.3.2005: HK$4,710,000) on property, plant and equipment and also disposed of property, plant and equipment with aggregate net book value of approximately HK$Nil (31.3.2005: HK$1,991,000).

10. INTERESTS IN ASSOCIATES

	30.9.2005 (unaudited) HK$'000	31.3.2005 (audited) HK$'000
Share of net assets/(liabilities)	875	(2,425)
Unamortized goodwill on acquisition	25,479	25,479
	26,354	23,054
Amounts due from associates	594	–
Loans to associates	9,890	9,890
Less: Provision for bad and doubtful debts	(1,750)	(1,750)
	8,734	8,140
	35,088	31,194

11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables of the Group are trade receivables of HK$16,663,000 (31.3.2005: HK$13,613,000) and their ageing analysis of the trade receivable was as follows:

	As at 30.9.2005 (unaudited) HK$'000	As at 31.3.2005 (audited) HK$'000
Within 3 months	**5,317**	7,203
4 to 6 months	**10,401**	6,410
Over 6 months	**945**	–
	16,663	13,613

The normal credit period granted to trade debtors is 30 to 90 days.

12. SHARE CAPITAL

		30.9.2005		31.3.2005	
		(unaudited) No. of shares '000	**(unaudited) Value HK$'000**	(audited) No. of shares '000	(audited) Value HK$'000
Authorised:					
At the beginning of period/year					
Ordinary shares of HK$0.01 each		**50,000,000**	**500,000**	3,000,000	300,000
Capital Reorganisation	*(a)*	**(49,792,782)**	**(497,928)**	27,000,000	–
Increase in authorised capital	*(a)*	**49,792,782**	**497,928**	20,000,000	200,000
At the end of period/year					
Ordinary shares of HK$0.01 each		**50,000,000**	**500,000**	50,000,000	500,000
Issued and fully paid:					
At the beginning of period/year					
Ordinary shares of HK$0.01 each		**1,727,177**	**17,272**	1,258,127	125,813
Capital Reorganisation	*(a)*	**(1,864,959)**	**(18,650)**	–	(120,915)
Shares issued on:					
– subscriptions of new shares	*(b)*	**345,000**	**3,450**	260,000	2,600
– conversion of convertible bonds		**–**	**–**	11,111	1,111
– exercise of warrants		**–**	**–**	4,379	438
– exercise of share options		**–**	**–**	193,560	8,225
At the end of period/year					
Ordinary shares of HK$0.01 each		**207,218**	**2,072**	1,727,177	17,272

(a) Capital reorganisation

By the resolutions passed at the special general meeting of the Company held on 23 September 2005, it was resolved that effective from 26 September 2005:

(1) every 10 ordinary shares of HK$0.01 each be consolidated into 1 ordinary share of HK$0.1 each ("Consolidated Share") ("Share Consolidation");

(2) the nominal value of the Consolidated Shares in issue was reduced from HK$0.10 each to HK$0.01 each by canceling the issued share capital to the extent of HK$0.09 paid up on each of the issued Consolidated Shares ("Capital Reduction");

(3) credit arising from the Capital Reduction was entirely transferred to the contributed surplus accounts of the Company;

(4) all of the unissued Consolidated Shares in the authorised share capital be cancelled and the authorised share capital of the Company be diminished accordingly;

(5) the authorised share capital of the Company be increased to HK$500,000,000; and

(6) an amount equivalent to the amount of the accumulated losses of the Company as at 31 March 2005 was applied from the contributed surplus account against such accumulated losses in full.

(b) Subscription of new shares

On 13 June 2005, the Company issued 345,000,000 ordinary shares at the price of HK$0.04 per share to six independent investors, all ranking pari passu in all respects with the existing shares of the Company.

13. RELATED PARTIES TRANSACTIONS

During the period, the Group received management fees amounted to HK$75,000 from an associated company.

14. SUBSEQUENT EVENT

Open offer for every adjusted share

On 25 October 2005, the Company issued 621,653,148 new shares of HK$0.01 each at the subscription price of HK$0.10 per share pursuant to the open offer on the basis of three offer shares for every adjusted share held on 3 October 2005. Further details relating to the open offer are set out in the prospectus of the Company dated 3 October 2005.

15. COMPARATIVE FIGURES

With a review of financial statements' presentation, certain items in the financial statements were reclassified which would result in a more appropriate presentation of events or transactions. Accordingly, comparative figures have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's turnover for the six months ended 30 September 2005 amounted to approximately HK$15,796,000, representing 81% increase from approximately HK$8,750,000 for the same period last year. Net loss for the reporting period increased from HK$20,887,000 to HK$30,589,000. Losses per share were HK$0.016.

During the period under review, the Group's electronics components business continued to derive a steady stream of revenue. However, due to the rise of raw material costs and the fact that some models became obsolete very fast, the Group's electronics component business incurred a gross loss of approximately HK$4,132,000. The provision for impairment and write offs of plant and machinery, inventories and receivables incurred by electronics component business in an amount of approximately HK$8,935,000 also added to the increase in net loss for the year. Nevertheless, under the stringent internal cost control executed by the management, the administrative expenses of the Group declined from approximately HK$18,741,000 to HK$16,376,000 for the same period last year, representing a 13% cost reduction and hence showing an increase in management efficiency.

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

Objective

The objective of the Group is to establish a solid platform to invest in automotive-related businesses in the People's Republic of China (the "PRC"). Through acquisitions of projects with good potential and formation of strategic alliances, the Group can explore more business opportunities and tap into better return on investments within the automobile and automotive component industry. The Group is dedicated to become a leader in medium term in the PRC and an international major player in long term in the automotive component distribution business in the PRC.

Progress Achieved during the Period

(1) Unicla Automotive Air Conditioning Compressor Project

On 18 July 2005, Unicla International Limited ("Unicla International") was incorporated in Hong Kong. Pursuant to the shareholder's agreement dated 28 July 2005, Unicla International was owned as to 30% by Lucky Metro Trading Limited ("Lucky Metro"), an indirectly wholly owned subsidiary of the Company, while 32%, 28% and 10% by International Auto Engineering Limited, Costar Universal Limited and Goodford Holdings Limited respectively. Apart from the initial capital of HK$10,000,000, it is expected that the share capital of Unicla International may increase from time to time up to HK$45,000,000 in light of the financial and other business conditions of Unicla International. It is expected that the maximum capital commitment of the Group will be HK$13,500,000 (including the initial contribution of HK$3,000,000).

Unicla International is mainly engaged in investment, trading and manufacturing of compressor business. In order to speed up the commencement of manufacturing of compressors for vehicles in the PRC, Unicla International has, in addition to the proposed set up of the wholly foreign-owned enterprise in the PRC, entered into a processing agreement dated 10 October 2005 with a PRC party, 東莞市茶山宏發工貿發展公司 (Dongguan Chasan Hongfa Trade Development Limited), in relation to the establishment of a processing plant 東莞茶山優利克拉汽配廠 (Dongguan Chasan Unicla Auto Parts Factory), for the processing arrangement for the manufacture of compressors for vehicles ("Unicla's Dongguan Processing Plant").

(2) *Acquisitions of PRC Automotive Component Projects*
On 28 July 2005, the Group entered into a non-legally binding Memorandum of Understanding (the "MOU") with CITIC Technology Co., Ltd. ("CITIC Technology"), pursuant to which the Group intends to acquire 20% equity interest of Beijing CITI BEN GS Product Co. Ltd. ("Beijing CITI BEN") and 20% equity interest of Tianjin Jinxin Motorcar Plastic Parts Co. Ltd. ("Tianjin Jinxin") from CITIC Technology at an aggregate consideration of approximately RMB30 million (approximately HK$28.8 million) ("Proposed Investments"). Finalisation of the Proposed Investments are subject to further negotiations and results of due diligence as well as terms of the relevant sale and purchase agreement and the shareholders' agreement. Pursuant to a supplemental non-legally binding memorandum of understanding entered into between the Group and CITIC Technology dated 25 October 2005, completion of the acquisition mentioned above shall be within six months from the date of the MOU, subject to fulfillment of all conditions precedent.

Beijing CITI BEN and Tianjin Jinxin are both sino-foreign equity joint ventures incorporated in the PRC. Beijing CITI BEN is principally engaged in development and manufacturing of car parts, mainly specializing in gas spring. Tianjin Jinxin is principally engaged in development and manufacturing of automobile plastic related products.

(3) *Strategic Alliance with Tianjin Binhai International Automobile City Limited ("Tianjin Binhai")*
In July 2005, the Group entered into a cooperative agreement with Tianjin Binhai to form a strategic alliance. Under the agreement, the Group established a branch office in Tianjin, the PRC and commenced automobile trading business in the PRC during the period under review.

(4) *Branch Offices of the Group*
Overseas offices
The Group has two branch offices located in Toronto of Canada and Detroit of Michigan, the United Stated the ("US"). These two cities are the automobile manufacturing bases of US automobile giants in North America. On the other side, the Group plans to set up a branch office in Nagoya of Japan which will serve for identification of potential automotive component projects there.

PRC offices
Through strategic alliance with Tianjin Binhai, the Group established a branch office in Tianjin. Leveraging on the progress of the Unicla automotive air conditioning compressor project located in Dongguan, Guangdong Province of the PRC, the Group plans to establish a branch office in Dongguan. The Group also intends to establish more branch offices in other major cities of the PRC to capture various business opportunities in the mainland.

(5) *Trading*
Owing to the surging demand for luxurious passenger vehicles in the PRC, the Group started to explore business opportunities in sourcing vehicles globally to the PRC market. During the period, the Group commenced the trading business of automobiles in the PRC.

The Group also started to establish a business-to-business (B2B) internet trading platform for its product distribution purpose. According to the current working progress schedule, the trading platform will be commissioned in the first half of 2006.

(6) *Car Detailing and Repair*
As the Company and Challenger Group of Companies Limited ("Challenger") were unable to finalise the terms of the investment agreement, the Company decided not to continue the negotiation for the proposed investment in Challenger. Though, the Group is still evaluating to establish by its own or alliance with other new partners to participate in the car detailing and repair industry within Hong Kong, Guangdong Province and even in other major PRC cities.

Corporate Activities

(I) Over the period

(1) Placement of New Shares

On 13 May 2005, the Group entered into a placing agreement pursuant to which an aggregate of 345,000,000 new shares of HK$0.01 each were placed at HK$0.04 per share. The net proceeds arising from the placing amounted to approximately HK$13.2 million were used as to approximately HK$2 million for administrative expenses and as to approximately HK$8.2 million for future investments and/or acquisitions, and as to approximately HK$3 million for general working capital purpose.

(2) Capital Reorganisation

The capital reorganisation involved Share Consolidation, Capital Reduction, share premium cancellation and authorised share capital diminution and increase and such reorganisation was effective on 26 September 2005 ("Capital Reorganisation"). Share Consolidation was implemented to consolidate every 10 shares of HK$0.01 each into 1 Consolidated Share. Capital Reduction involved a reduction of the nominal value of the then issued share capital from HK$0.10 per Consolidated Share to HK$0.01 each ("Adjusted Share") by canceling the paid up capital of HK$0.09 on each of the issued Consolidated Shares. The share premium cancellation involved the cancellation of the entire amount of approximately HK$22.44 million standing to the credit of the share premium account of the Group as at 31 March 2005. Each of the authorised but unissued Consolidated Shares was cancelled and immediately thereafter, the authorised capital was increased to HK$500,000,000 by creation of 49,792,782,284 Adjusted Shares after the Capital Reorganisation becoming effective.

(3) Appointment of Chairman and Chief Executive Officer of the Company

On 23 September 2005, the Company announced that Mr. Loo Chung Keung, Steve was appointed as Chairman of the Company and Mr. Chan Wai Ming was appointed as Deputy Chairman and Chief Executive Officer of the Company effective on 23 September 2005.

(4) Change of Name of the Company

The Company also announced that the Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in Bermuda on 26 September 2005 certifying that the change of name of the Company from "Gorient (Holdings) Limited" to "Carico Holdings Limited" was registered on 23 September 2005.

(II) Subsequent to the period

(1) Open Offer

On 5 August 2005, the Company announced that it was proposed to raise not less than approximately HK$62.1 million before expenses by an open offer of not less than 621,653,148 shares ("Offer Shares") at a subscription price of HK$0.10 per Offer Share, payable in full on application, on the basis of three Offer Shares for every Adjusted Share (the "Open Offer"). The Offer Shares were allotted and issued on 25 October 2005. The net proceeds of the Open Offer amounted to approximately HK$58.5 million, of which HK$15.3 million was applied towards the set-off against the early repayment of the Shareholder's Loan (as hereinafter defined) together with accrued interest, approximately HK$13.5 million was used to finance the subscription of the shares of Unicla International, approximately HK$28.8 million would be used to finance the acquisitions of Beijing CITI BEN and Tianjin Jinxin, if materialised and the remaining balance of approximately HK$0.9 million would be used for working capital purpose.

An aggregate of 527,248,699 Offer Shares, representing approximately 84.8% of the total number of 621,653,148 Offer Shares offered under the Open Offer, were accepted and paid for. The remaining 94,404,449 Offer Shares, representing approximately 15.2%, were subscribed by Metro Capital Securities Limited, the underwriter of the Open Offer. The Open Offer became unconditional on 18 October 2005. All subscription monies for the Offer Shares had been received by the Company.

(2) Early Repayment of Shareholder' Loan
Prior to the Open Offer, the Company was indebted to Star Metro Investments Limited ("Star Metro"), which held 19.78% of total issued share capital of the Company, in the principal amount of HK$15 million together with interests at the rate of 8% per annum ("Shareholder's Loan"). The Shareholder's Loan was unsecured and the term would expire on 19 April 2006. Upon completion of the Open Offer, the Company early repaid the Shareholder's Loan together with interests accrued which was approximately HK$15.3 million. The early repayment would save finance expenses for the Group.

Participation of a Renowned Investor to the Group

The Board deeply thanks the various institutional investors which are interested in the Group and agree to the vision and direction of the Group and hence have so far given invaluable support to the business development of the Group. The Board truly believes that such institutional investors will introduce valuable potential opportunities to the Group in automobile and automotive component aspects in the coming future. The following is a brief introduction of Asset Managers Co., Ltd. ("Asset Managers"), a Japan institutional investor of the Group during the period:–

Asset Managers is listed on Hercules of Osaka Stock Exchange Co., Ltd. in Japan. It is engaged in real estate investment, merchant banking, asset management, hospitality, wellness business and other businesses. As of 31 August 2005, the gross assets of the Asset Managers were approximately 66,780 million yen. As of the completion of the Open Offer, Asset Managers, through Asset Managers (China) Fund Co., Ltd., owned approximately 19.70% of the Group and became the Group's second largest shareholder.

Business Opportunities

(1) PRC Automobile Industry
According to the official website of the Organisation Internationale des Constructeurs d' Automobiles, the automobile production growth rate in the PRC has outperformed the GDP growth rate since 1999 and achieved an annual growth rate of approximately 39% in 2002 and over 35% in 2003. According to the figures of China Association of Automobile Manufacturers, the production and sales volumes were 4.62 million and 4.59 million units respectively, which grew 9.18% and 11.04% over the same period last year.

In such an uptrend of automobile industry in the PRC, the Group is expected to benefit from numerous opportunities arising from the PRC private and state automobile trading and automotive component sectors.

(2) *Relocation of Manufacture Base of Foreign Automotive Component Projects to the PRC*
The low costs of land and skilled labour in the PRC give it comparative advantages to be "world's factory" and hence attracting many multi-national corporations to relocate their major production bases from their own countries to the PRC considering the substantially lower operating costs there.

With the assistance of the Group's strategic business partners and the extensive network of the Group's management, the Group is aggressively seeking for appropriate business opportunities arisen from foreign automotive component enterprises of above relocation advantages especially those in the US and Japan. Based on the experience accumulated in the set up of a processing plant for Unicla air conditioning compressor project, the Group will probably apply similar business model in case the Group acquires any foreign automotive component enterprise and relocates its manufacture operation to the PRC in the future.

Prospects of the Group
Incorporating with strong background of strategic shareholders, strengthened balance sheet and cash inflow, renowned brand name products and management talent, the Board believes that the Group is on the right track to its business objective and will provide solid return in the coming few years. The prospects of core projects of the Group are described in the following paragraphs.

(1) *Unicla Automotive Air Conditioning Compressor*
Unicla is a renowned brand of air conditioning compressor in Japan. Its products mainly serve for large-scale and long-distance passenger vehicles. The Unicla's Dongguan Processing Plant will consist of 18 sets of computerised numeric control machinery and installation is expected to be completed at the end of the year. Formal production is expected to commence in the first half of 2006 with estimated annual production capacity of about 21,000 units of compressors under fully operative conditions. Compressors produced by the processing plant in Dongguan will mainly be targeted at export.

The Group considers that the PRC production enhances Unicla products' competitive strengths for the following reasons:–

– Relatively lower operating costs for production in the PRC promoting competitiveness of Unicla compressor globally; and

– Vertical integration of manufacture and distribution of air conditioning compressors aiming at achieving a gradual increase of profit margin within 2-3 years.

(2) *PRC Automotive Component Projects*
Besides the proposed acquisitions of Beijing CITI BEN and Tianjin Jinxin forementioned, the Group will seek opportunities to expand its scale of automotive component business in the PRC. Through acquisition strategy, the Group will acquire more automotive component manufacturers with dominant market share if the Group comes up with appropriate business opportunities in the future.

(3) *Strategic Investments*
The Group has been diversifying the risks of automotive component business by identifying strategic investments with promising growing prospect, giving the Group opportunities to make profits in advantageous market conditions. In an effort to diversify the cyclical risk of the industry and to utilise idle financial resources more effectively, the Board believes that appropriate strategic investments can increase the shareholder's return on the Group.

(4) *Trading*
Capitalising on the surging demand for automobiles in the PRC, automobile trading is a business of good potential to the Group. The Group will make its best effort to seek for luxurious automobiles globally and to distribute in major cities of the PRC such as Tianjin. The B2B internet trading platform in progress will also enhance the development of trading business of the Group.

(5) *Establishment of Business Development Strategy Committee*
In order to absorb more specialists and professionals in different aspects within the automobile and automotive component industry, the Company decided to establish a business development strategy committee by which the advices given can serve as strong references for business development and future acquisitions in the automotive component field. The establishment of the committee will strengthen the competitiveness of the Group in the long run.

Liquidity and Financial Resources
As at 30 September 2005, the Group had non-current assets of approximately HK$36,223,000 which mainly comprised investments in associates, and current assets of approximately HK$29,799,000 which mainly comprised financial assets at fair value through profit or loss, trade receivables and cash. The Group's gearing ratio was 33%, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances) over shareholders' fund.

Exchange Exposure
The Group's transactions were mainly denominated in Hong Kong dollars and Renminbi. Given that the exchange rate of Hong Kong dollars against the Renminbi has been and is likely to remain stable, the directors of the Company (the "Directors") consider that the Group's risk on foreign exchange will remain minimal. The Group had no foreign exchange rate hedging arrangement during the period.

Pledge of Assets and Contingent Liabilities
As at 30 September 2005, the Group has not pledged any kind of assets and had no significant contingent liabilities.

Employees and Remuneration Policies
As at 30 September 2005, the Group had 22 employees in Hong Kong. The remuneration policies are subject to review by the Directors with reference to market conditions and performance of staff. The Group also participates in Mandatory Provident Fund Scheme in Hong Kong and has a share option scheme for the benefit of its directors and eligible employees of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2005, the interests and short positions of the Directors and chief executive of the Company or their associates in the Adjusted Shares, underlying shares and debentures of the Company or any 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 under 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 Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

(a) Long positions in the Adjusted Shares and the underlying shares (in respect of equity derivatives) of the Company:

Name of Director	*Note*	Capacity	Number of Adjusted Shares interested	% of issued share capital
Mr. Chan Wai Ming	*(1)*	Interest of a controlled corporation	164,000,000	19.78% of the total issued share capital of the Company as enlarged by the Open Offer
Mr. Loo Chung Keung, Steve	*(1)*	Interest of a controlled corporation	164,000,000	19.78% of the total issued share capital of the Company as enlarged by the Open Offer
Mr. Gouw Kar Yiu, Carl	*(2,3)*	Beneficiary of a trust	10,622,792	5.13% of the total issued share capital of the Company as at 30 September 2005
Ms. Gouw San Bo, Elizabeth	*(2,3)*	Beneficiary of a trust	10,622,792	5.13% of the total issued share capital of the Company as at 30 September 2005

Notes:

1. As at 30 September 2005, Star Metro Investments Limited ("Star Metro") owned 41,000,000 Adjusted Shares as a result of completion of the Capital Reorganisation. Pursuant to an undertaking given by Star Metro to the Company, Star Metro undertook to subscribe for 123,000,000 Adjusted Shares under the Open Offer. Star Metro is a company incorporated in the British Virgin Islands, which is owned by two executive Directors, Mr. Loo Chung Keung, Steve and Mr. Chan Wai Ming as to 50% and 50% respectively. Therefore, Mr. Loo Chung Keung, Steve and Mr. Chan Wai Ming are deemed to be interested in the 164,000,000 Adjusted Shares.

2. These Adjusted Shares are held by Power Assets Enterprises Limited ("Power Assets"), a company incorporated in the British Virgin Islands, which is wholly owned by the Gouw Family Trust, in which Mr. Gouw Hiap Kian is the founder of this discretionary trust.

3. These Adjusted Shares and the underlying shares (in respect of equity derivatives) are held by Power Assets which is wholly owned by the Gouw Family Trust, in which Mr. Gouw Kar Yiu, Carl and Ms. Gouw San Bo, Elizabeth are deemed to have interests.

(b) Save as disclosed above, as at 30 September 2005, none of the Directors or chief executive or their respective associates had or was deemed to have any interests or short positions in the Adjusted Shares, underlying shares of debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Other than the share option scheme adopted by the Company on 30 March 2004, at no time during the six months ended 30 September 2005 has the Company or any of its subsidiaries, a party to any arrangements to enable the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2005, so far as is known to the Directors, the following persons, other than the Director or chief executive of the Company who had interests or short positions in the Adjusted Shares, underlying shares or debentures of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(a) Long positions in the Adjusted Shares and the underlying shares (in respect of equity derivatives) of the Company:

Name of Shareholder	*Note*	**Capacity**	**Number of Adjusted Shares interested**	**% of issued share capital**
Star Metro	*(1)*	Beneficial owner	164,000,000	19.78% of the issued share capital of the Company as enlarged by the Open Offer
CITIC Group	*(2)*	Interest of a controlled corporation	20,800,000	10.04% of the issued share capital of the Company as at 30 September 2005
Asset Managers Co., Ltd.	*(3)*	Interest of a controlled corporation	15,656,000	7.55% of the issued share capital of the Company as at 30 September 2005
Mr. Gouw Hiap Kian	*(4,5)*	Founder of a discretionary trust and beneficial owner	10,826,792	5.22% of the issued share capital of the Company as at 30 September 2005
Power Assets	*(4,5)*	Beneficial owner	10,622,792	5.13% of the issued share capital of the Company as at 30 September 2005

Notes:

1. As at 30 September 2005, Star Metro owned 41,000,000 Adjusted Shares as a result of the completion of Capital Reorganisation. Pursuant to an undertaking given by Star Metro to the Company, Star Metro undertook to subscribe for 123,000,000 Adjusted Shares under the Open Offer.

2. As far as the Directors are aware, CITIC Group was interested in 20,800,000 Adjusted Shares as at 30 September 2005. The 20,800,000 Adjusted Shares were held by CITIC International Assets Management Limited which is a wholly owned subsidiary of CITIC International Financial Holdings Limited, the shares of which are listed in the Main Board of the Stock Exchange. CITIC International Financial Holdings Limited is owned as to 56.38% by CITIC Group.

3. Pursuant to the five sets of corporate substantial shareholder notices filed by Asset Managers Co., Ltd., Red Rock Investment Co., Ltd., Asset Managers (China) Company Limited, Asset Investors Co., Ltd. and Asset Managers (China) Fund Co., Ltd. dated 28 September 2005, the 15,656,000 Adjusted Shares were directly held by Asset Managers (China) Fund Co., Ltd.. According to such notices, Asset Managers (China) Fund Co., Ltd. was owned as to 50% by Asset Managers (China) Company Limited and 50% by Asset Investors Co., Ltd.. Asset Managers (China) Company Limited was owned as to 70% by Red Rock Investment Co., Ltd. which was a wholly owned subsidiary of Asset Managers Co., Ltd.. Asset Investors Co., Ltd. was owned as to 57.69% by Asset Managers Co., Ltd..

4. Power Assets is a company incorporated in the British Virgins Islands, which is wholly owned by the Gouw Family Trust, in which Mr. Gouw Kar Yiu, Carl and Ms. Gouw San Bo, Elizabeth are deemed to have interests. Mr. Gouw Kar Yiu, Carl and Ms. Gouw San Bo, Elizabeth are non-executive Directors.

5. The Adjusted Shares and the underlying shares (in respect of equity derivatives) are held by Power Assets which is wholly owned by the Gouw Family Trust, in which Mr. Gouw Hiap Kian is the founder of this discretionary trust.

Save as disclosed above, as at 30 September 2005, the Company has not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Adjusted Shares, underlying shares or debentures of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

On 30 March 2004, a share option scheme (the "Scheme") was approved and adopted by the shareholders of the Company with the purpose to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group, which will be effective for ten years until 29 March 2014. No share option have been granted during the six months ended 30 September 2005.

The following table disclosed the details of the Company's share options and movements in such holdings during the six months ended 30 September 2005 and year ended 31 March 2005.

Catergory of participants	Date of grant	Outstanding at 31/3/2005	Granted/ Exercised/ Lapsed during the period	Effect on consolidation of shares	Outstanding at 30/9/2005	Exercise period	Exercise price HK$	Weighted average market value of securities immediately before exercise date HK$	Market value of securities immediately before the date on which the option were granted HK$
Advisors and Consultants	15/4/2004 - 23/8/2004	34,380,000	–	(30,942,000)	3,438,000	15/4/2004 - 22/6/2014	0.10 - 0.105	0.0751	0.055-0.11
	24/8/2004 - 31/12/2004	10,640,000	–	(9,576,000)	1,064,000	24/8/2004 - 24/6/2014	0.027 - 0.078	0.0433	0.027-0.076
		45,020,000	–	(40,518,000)	4,502,000				

Note:

(1) Upon the Share Consideration became effective on 26 September 2005, every 10 ordinary shares of HK$0.01 each was consoliated into 1 ordinary share of HK$0.1 each.

(2) Upon completion of the Open Offer on 18 October 2005, the number of share options and exercise price were adjusted as follows: –

	No. of share option		**Exercise price**	
	Before adjustment	**After adjustment**	**Before adjustment** HK$	**After adjustment** HK$
Advisors & Consultants	4,502,000	6,464,410	0.078-0.105	0.54-0.73

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the section headed "Directors' and Chief Executive's Interests or Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the period was the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or their associates to acquire benefits by means of the acquisition of Shares or Adjusted Shares in or debentures of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its securities during the six months ended 30 September 2005. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the six months ended 30 September 2005.

AUDIT COMMITTEE

The Audit Committee presently comprises three independent non-executive Directors namely Mr. Pang Chun Sing (Chairman), Mr. Chan Chun Wai and Mr. Wong Miu Sung and the qualified accountant and company secretary of the Company, Mr. Kam Yiu Shing, Tony.

Written terms of reference of Audit Committee have been adopted by the Board.

The Audit Committee has reviewed this report, accounting principles and practices adopted by the Group and discussed with the Board matters relating to the internal control, risk management and financial reporting of the Group including the review of the Group's unaudited financial statements for the six months ended 30 September 2005. On the basis of the review, the Audit Committee is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosure have been made.

CORPORATE GOVERNANCE

Save as disclosed below, in the opinion of the Directors, the Company has complied with the Code Provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the period under review.

Code Provision A.4.1

This Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Non-executive Directors Mr. Gouw Kar Yiu, Carl and Ms. Gouw San Bo, Elizabeth and independent non-executive Director Mr. Pang Chun Sing are not appointed on specific terms.

The Company shall adopt this Code and fix the terms with the abovementioned non-executive Directors and independent non-executive Director.

Code Provision A.4.2

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

According to bye-law 99 of the bye-laws of the Company, the Chairman and Managing Director of the Company are not subject to retirement by rotation.

The Company shall adopt this Code by amending the bye-laws of the Company so 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 the Chairman and Managing Director of the Company are also subject to retirement by rotation.

Code Provision A.5.4

This Code stipulates that directors must comply with their obligations under the Model Code as set out in Appendix 10 to the Listing Rules and the board should establish written guidelines for relevant employees in respect of their dealings in the securities of the issuer.

At a Board meeting held on 6 October 2005, the Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions and a written guideline on employees' right to deal in the Company's securities.

Code Provision B.1.1
This Code stipulates that the Company should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties.

On 23 September 2005, the Company has appointed Mr. Pang Chun Sing (Chairman), Mr. Chan Chun Wai, Mr. Wong Mui Sung and Mr. Chan Wai Ming as members of the remuneration committee of the Company. At a Board meeting held on 6 October 2005, the Company has adopted written terms of reference of the remuneration committee of the Company.

Code Provision C.3.3
This Code stipulates that the terms of reference of the audit committee should include all duties as stated in such Code Provision.

At a Board meeting held on 6 October 2005, the Company has adopted written terms of reference of the Audit Committee which include all duties as stated in such Code Provision.

Code Provision E.1.2
This Code stipulates that the chairman of the Board should attend the annual general meeting of the Company.

At the time of holding of the annual general meeting on 29 August, 2005, the Company has not appointed any chairman of the Board. The current chairman of the Board, Mr. Loo Chung Keung, Steve was appointed as chairman on 23 September, 2005. The chairman of the Board should attend the annual general meeting of the Company unless any exceptional circumstances occur.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions.

Following specific enquiry made with the Directors, the Company confirmed that each of the Directors has complied with the required standard set out in the Model Code regarding securities transactions.

By Order of the Board
Loo Chung Keung, Steve
Chairman

Hong Kong, 5 December 2005