JOYCE

INTERIM REPORT TO SHAREHOLDERS

for the half-year period ended 30 September 2005

致股東中期報告書

截至二〇〇五年九月三十日止半年度

Joyce Boutique Holdings Limited

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立的有限公司)

Group Results

The unaudited Group profit attributable to Shareholders for the six months ended 30 September 2005 amounted to HK$22.4 million, as compared with the profit of HK$18.1 million for the corresponding period last year. Earnings per share were 1.4 cents (2004/05: 1.1 cents).

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2005 (2004/05: Nil).

Management Discussion and Analysis

BUSINESS REVIEW

The Group once again achieved an impressive growth of 23.5% on an interim turnover of HK$347.6 million and a 24% profitability growth of HK$22.4 million over the same period last year. The superior performance was mainly attributable to the significant organic growth from its existing shops and new shops opened during the previous year. The Hong Kong division continues to be the major turnover and profit contributor, accounting for 80% of the Group's performance.

During the first six months of the 2005/06 fiscal year, the Joyce Central flagship closed for almost three months to undergo a complete renovation overhaul. Joyce Beauty, on the other hand, rolled out for the first time, two mono brand image corners in select Lane Crawford stores, for its exclusive brand, Chantecaille.

The Group continued to roll out new shops for its key designers in Taiwan. In the period under review, three new shops were opened — two accessories shops for Marc Jacobs and one ready-to-wear shop for Comme des Garcons.

The first half of the 2005/06 fiscal year also saw the opening of one more Versace shop opening in Qingdao, China, through the sub-franchising division of Joyce Distribution Limited.

In the interim period under review, the Group formed a 50/50 joint venture with Marni International S.A. to operate the Marni retail business in Hong Kong and Taiwan. Currently, the joint venture company holds one Marni freestanding shop at the Landmark and three mono brand shop-in-shops in Hong Kong and two freestanding shops in Taipei, Taiwan.

Save as abovementioned, there have been no material changes in respect of the business of the Group since the publication of the last annual report of the Company.

FINANCIAL REVIEW

(I) Results Review

Group profit attributable to Shareholders for the six-month period ended 30 September 2005 amounted to HK$22.4 million, compared to a profit of HK$18.1 million for the same period last year. Earnings per share were 1.4 cents (2004/05: 1.1 cents).

The Group's turnover for the period was HK$347.6 million, representing an increase of 23.5% over the same period last year. Despite the impact of the renovation overhaul of the Joyce Central store on its operations, the Group managed to achieve a remarkable growth in turnover. This is partly due to the good performance of the shops in Hong Kong and partly due to additions of new shops in Hong Kong and Taiwan.

The gross margin also rose by 2.3 percentage points over the same period last year. The improvement in margin is partly due to less promotional discounts for the period and partly due to the effective hedging of the Euros.

The newly formed Marni joint venture in which the Group has a 50% interest contributed a net profit of HK$0.9 million for the period in its first quarter of operation.

The good performance in turnover and margin has contributed to the improved result of the period. The Group achieved a net profit of HK$22.4 million for the period. The last corresponding period only made a profit of HK$18.1 million after the inclusion of the non-recurring forex gain of HK$2.0 million.

(II) Liquidity and Financial Resources

At 30 September 2005, the Group's financial position remained strong even after the payment of HK$32.4 million final dividend of previous year. The total net cash deposits and cash amounted to HK$273.0 million, representing total deposits and cash of HK$277.2 million less total short-term bank borrowings of HK$4.2 million which are all repayable within one year.

At 30 September 2005, the Group had banking facilities in a total amount of HK$316.5 million (31/03/2005: HK$245.2 million).

With its strong financial position and available banking facilities, the Group believes that it will have sufficient fund to pursue new potential investment opportunities.

(III) Foreign Exchange Risk Management

Most of the Group's imported purchases are denominated in foreign currencies, primarily being Euro. To minimise exposure on foreign exchange fluctuations, the Group will from time to time review its foreign exchange position and, when it considers appropriate and necessary, will hedge its foreign exchange exposure by way of forward foreign exchange contracts.

(IV) Contingent Liability

At 30 September 2005, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to bank facilities up to HK$462.1 million (31/03/2005: HK$288.4 million).

(V) Changes in Accounting Policies

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards which are effective for accounting periods beginning on or after 1 January 2005. The resulting significant changes in accounting treatment and presentation are detailed in Note (1) to the interim accounts.

(VI) Human Resources

The Group had 383 staff as at 30 September 2005 (31/03/2005: 379). Staff are remunerated according to nature of the job and market trend, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. The Group provides various job-related training programmes to staff when necessary. Total staff costs for the period ended 30 September 2005 amounted to HK$54.7 million.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the financial period under review, the Company has complied with all those code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which became applicable to the Company in respect of the period under review.

Consolidated Profit and Loss Account
for the six months ended 30 September 2005

	Note	**Unaudited 30/09/2005 HK$'000**	Unaudited 30/09/2004 HK$'000
Turnover	2	**347,618**	281,380
Other revenues		**4,512**	2,067
		352,130	283,447
Direct costs and operating expenses		**(273,181)**	(231,965)
Selling and marketing expenses		**(17,178)**	(11,527)
Administrative expenses		**(36,909)**	(23,891)
Realised foreign exchange gains		**–**	2,029
Operating profit	3	**24,862**	18,093
Borrowing costs	4	**(36)**	(36)
Share of profit of a jointly controlled entity		**863**	–
Profit before taxation		**25,689**	18,057
Taxation	5	**(3,300)**	–
Profit attributable to Shareholders		**22,389**	18,057
Earnings per share	6		
- Basic		**1.4 cents**	1.1 cents
- Diluted		**1.4 cents**	1.1 cents

CONSOLIDATED BALANCE SHEET
at 30 September 2005

	Note	Unaudited 30/09/2005 HK$'000	Audited 31/03/2005 HK$'000
Non-current assets			
Fixed assets		**56,640**	44,077
Deposits, prepayments and other assets		**24,345**	20,808
Interest in a jointly controlled entity	8	**913**	—
		81,898	64,885
Current assets			
Inventories		**141,753**	136,255
Trade and other receivables	9	**29,972**	40,631
Deposits, prepayments and other assets		**21,226**	13,006
Deferred tax assets		**3,700**	7,000
Bank balances and cash		**277,182**	293,586
		473,833	490,478
Current liabilities			
Trade and bills payables	10	**53,765**	60,648
Other payables and accruals		**113,390**	104,084
Financial derivative liabilities		**1,361**	—
Short-term bank loans		**4,221**	—
		172,737	164,732
Net current assets		**301,096**	325,746
Total assets less current liabilities		**382,994**	390,631
Financed by:			
Shareholders' fund			
Share capital	11	**161,980**	161,980
Reserves		**221,014**	228,651
		382,994	390,631

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2005

	Unaudited 30/09/2005 HK$'000	Unaudited 30/09/2004 HK$'000
Total equity at 1 April	**390,631**	325,705
Exchange differences on translation of accounts of foreign entities	**(3)**	(33)
Fair value losses on cash flow hedges	**(1,180)**	—
Net losses recognised directly in equity	**(1,183)**	(33)
Profit for the period	**22,389**	18,057
Total recognised income for the period	**21,206**	18,024
Final dividends paid	**(32,396)**	—
Employee share option scheme:		
- value of employee services	**3,553**	—
Total equity at 30 September	**382,994**	343,729

Condensed Consolidated Cash Flow Statement
for the six months ended 30 September 2005

	Unaudited 30/09/2005 HK$'000	Unaudited 30/09/2004 HK$'000
Net cash inflow from operating activities	**34,529**	17,998
Net cash outflow from investing activities	**(55,168)**	(11,791)
Net cash inflow/(outflow) from financing activities	**4,221**	(3,485)
(Decrease)/increase in cash and cash equivalents	**(16,418)**	2,722
Effect of foreign exchange rate changes, net	**14**	(33)
Cash and cash equivalents at beginning of period	**293,586**	266,802
Cash and cash equivalents at end of period	**277,182**	269,491
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**277,182**	269,643
Bank overdrafts	**–**	(152)
	277,182	269,491

Notes to Interim Accounts

(1) Basis of preparation and accounting policies

The unaudited condensed consolidated interim accounts have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and applicable discloseable provisions of Appendix 16 of the Listing Rules of the Stock Exchange.

These unaudited consolidated interim accounts should be read in conjunction with the annual accounts for the year ended 31 March 2005.

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

The new and revised Hong Kong Financial Reporting Standards and HKASs ("new HKFRSs") that will be applicable at 31 March 2006, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim accounts.

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those described in the annual accounts for the year ended 31 March 2005 except for those changes following the Group's adoption of the new HKFRSs which took effect on 1 January 2005. The changes in accounting policies, which have significant impacts on the Group's accounts, are summarised as follows:

(a) Financial Instruments (HKAS 32 "Financial instruments: Disclosure and Presentation", and HKAS 39 "Financial instruments: Recognition and Measurement")

The application of HKAS 32 and 39 has resulted in a change in accounting policy relating to the classification of financial assets and liabilities and their measurement. The principal effects of the change on the Group are summarised as below:

(i) Classification and measurement of financial assets and financial liabilities

From 1 April 2005 onwards, the Group classifies and measures its financial assets and financial liabilities in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss" including trading securities, "loans and receivables", "held-to-maturity financial assets" or "available-for-sale financial assets" including non-trading investments. Financial assets at fair value through profit or loss are initially recognised and remeasured at fair value through the profit and loss account. Other financial assets are generally measured at amortised cost using the effective interest method. Available-for-sale financial assets are carried at fair value with any unrealised gains and losses recognised in equity.

Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" and "other financial liabilities" carried at amortised cost using the effective interest method.

The change has resulted in reclassifications of certain financial assets and liabilities together with the corresponding comparatives and has no significant impacts on the Group's results and equity.

(ii) Derivatives and hedging

From 1 April 2005 onwards, all derivatives are initially recognised at fair value on the date of entering the derivative contract and are subsequently remeasured at fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit and loss account.

At 31 March 2005, the Group's derivative financial instruments, comprising forward currency contracts, were used to manage the Group's exposure to foreign exchange rate fluctuation arising from foreign currency trade liabilities and purchase commitments. The notional amounts of derivatives were previously recorded off balance sheet.

The Group has applied the relevant transitional provisions of HKAS 39 and adopted hedge accounting in accordance with the standard with effect from 1 April 2005 onwards. As a result of the change, the fair values of the Group's financial derivative liabilities totaling HK$1,361,000 and hedging reserve of HK$1,180,000 have been recognised in the balance sheet at 30 September 2005. The effect on the results for the six months ended 30 September 2005 is an increased charge of HK$30,000 (Note (1)(c) to the interim accounts). This change has no significant impact on the Group's results and equity in previous period.

(b) Employee share options (HKFRS 2 "Share-based payment")

In prior years, no amounts were recognised when share options were granted to employees. The nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable upon the exercise of the options by the employees.

With effect from 1 April 2005, in order to comply with HKFRS 2, the Group recognises the fair value of such share options as an expense in the consolidated profits and loss account, or as an asset, if the cost qualifies for recognition as an asset under the Group's accounting policies. A corresponding increase is recognised in a capital reserve within equity.

Where the employees are required to meet vesting conditions before they become entitled to the options, the Group recognises the fair value of the options granted over the vesting period. Otherwise, the Group recognises the fair value in the period in which the options are granted.

If an employee chooses to exercise options, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised, the related capital reserve is transferred directly to retained earnings.

As a transitional provision, HKFRS 2 has been applied retrospectively for all share options granted after 7 November 2002 and not yet vested on 1 January 2005.

The effect on the results for the six months ended 30 September 2005, and the reserves as of that date, is an increased charge of HK$3,553,000 (Note (1)(c) to the interim accounts). This change has no significant impact on the Group's results and equity in previous period.

Details of the employee share option schemes can be found in the Company's annual report for the year ended 31 March 2005 and Note (11) to the interim accounts.

(c) Summary of the effect of the above changes in accounting policies

Effect on profit after taxation for the six months ended 30 September 2005:

	Attributable to Shareholders HK$'000
HKAS 32 & 39	**(30)**
HKFRS 2	**(3,553)**
Total decrease in profit after taxation	**(3,583)**

(2) Segment information

The Group is principally engaged in sale of designer fashion garments, cosmetics and accessories.

An analysis of the Group's segment information for the period by geographical segment is as follows:

	Segment turnover		Segment results	
	30/09/2005	30/09/2004	**30/09/2005**	30/09/2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Geographical segments:				
Hong Kong	**308,201**	252,267	**24,778**	18,991
Taiwan	**26,421**	20,866	**(1,779)**	(199)
Others	**12,996**	8,247	**1,863**	(699)
Total	**347,618**	281,380		
Operating profit			**24,862**	18,093
Borrowing costs			**(36)**	(36)
Share of profit of a jointly controlled entity			**863**	—
Profit before taxation			**25,689**	18,057
Taxation			**(3,300)**	—
Profit attributable to Shareholders			**22,389**	18,057

There are no sales or other transactions between the geographical segments.

No business segment analysis is provided as over 90% of the Group's turnover and profit contribution came from the retail business during the period.

(3) Operating profit

Operating profit is arrived at after charging/(crediting) the followings:

	30/09/2005	30/09/2004
	HK$'000	HK$'000
Cost of inventories (including provision for inventories)	**172,776**	146,379
Depreciation of fixed assets	**9,801**	6,854
Staff costs	**51,141**	39,262
Employee share option expenses	**3,553**	—
Realised foreign exchange gains on forward exchange contracts	**—**	(2,029)

(4) Borrowing costs

	30/09/2005	30/09/2004
	HK$'000	HK$'000
Interest on bank loans and overdrafts	**36**	36

(5) Taxation

No provision for Hong Kong profits tax has been made as the Group has sufficient tax losses brought forward from previous years to offset against the net assessable profits generated during the period ended 30 September 2005 (2004/05: Nil).

No provision for overseas profits tax has been made as there were no net assessable profits generated during the period ended 30 September 2005 (2004/05: Nil).

The amount of taxation charged to the consolidated profit and loss account represents:

	30/09/2005	30/09/2004
	HK$'000	HK$'000
Deferred taxation		
Reversal of temporary differences	**3,300**	—

(6) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to Shareholders for the period of HK$22,389,000 (2004/05: HK$18,057,000) and 1,619,800,000 (2004/05: 1,603,800,000) ordinary shares in issue throughout the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the period is based on 1,619,800,000 (2004/05: 1,603,800,000) ordinary shares in issue throughout the period plus the weighted average number of 6,710,919 (2004/05: 6,915,179) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

(7) Dividends

(a) Dividends attributable to the period

The Board has resolved not to declare any interim dividend for the period ended 30 September 2005 (2004/05: Nil).

(b) Dividends attributable to the previous financial year, approved and paid during the period

	30/09/2005 HK$'000	30/09/2004 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the period, of 2.0 cents (2004/05: Nil) per share	**32,396**	—

(8) Interest in a jointly controlled entity

	30/09/2005 HK$'000	31/03/2005 HK$'000
Share of net assets	**913**	—

The Group has a 50% equity shareholding in a jointly controlled entity, Marni (Hong Kong) Limited, incorporated in the Hong Kong Special Administrative Region, which engages in sale of designer fashion garments and accessories in Hong Kong and Taiwan. The Group's interest in the jointly controlled entity is accounted for in the consolidated accounts using the equity method of accounting.

(9) Trade and other receivables

Included in trade and other receivables are trade receivables with an ageing analysis at 30 September 2005 as follows:

	30/09/2005 HK$'000	31/03/2005 HK$'000
Within 30 days	**19,337**	28,045
Between 31 to 60 days	**109**	—
Between 61 to 90 days	**—**	6
Over 90 days	**6**	—
	19,452	28,051

The ranging amounts of trade receivables approximate to their fair values.

(10) Trade and bills payables

The ageing analysis of trade and bills payables at 30 September 2005 is as follows:

	30/09/2005	31/03/2005
	HK$'000	HK$'000
Due within 30 days	**42,307**	52,202
Due between 31 to 60 days	**7,498**	5,502
Due between 61 to 90 days	**2,918**	1,771
Due after 90 days	**1,042**	1,173
	53,765	60,648

(11) Share capital

There was no movement in the share capital of the Company during the six months ended 30 September 2005.

Share options

At 30 September 2005, the outstanding options granted under the Company's new executive share incentive scheme were as follows:

Grant Date (Date/Month/Year)	Exercise Price HK$	Exercisable period (Date/Month/Year)	No. of ordinary shares represented by options: Outstanding as at 01/04/2005	Granted	Exercised	Lapsed	Outstanding as at 30/09/2005
17/09/2004	0.405	01/09/2005 to 31/08/2009	19,500,000	-	-	(1,000,000)	18,500,000

Employee share option expenses charged to the consolidated profit and loss accounts are determined with the Black-Scholes valuation model based on the following assumptions:

Date of grant	17/09/2004
Option value	HK$0.25
Share price at date of grant	HK$0.39
Exercisable price	HK$0.405
Standard deviation	72%
Annual risk-free interest rate	3.05%
Life of options	5 years
Dividend yield	0%

(12) Commitments

(a) Operating lease commitments

At 30 September 2005, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30/09/2005	31/03/2005
	HK$'000	HK$'000
Land and buildings:		
Not later than one year	106,720	87,235
Later than one year and not later than five years	253,872	94,085
Later than five years	234,857	—
	595,449	181,320

Payment obligations in respect of operating leases with rentals varied with gross revenues are not included as future minimum lease payment.

(b) Capital commitments

There were no significant capital commitments outstanding at 30 September 2005 (31/03/2005: Nil).

(13) Contingent liabilities

At 30 September 2005, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to bank facilities up to HK$462,132,000 (31/03/2005: HK$288,418,000).

(14) Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business during the period, are as follows:

	30/09/2005	30/09/2004
	HK$'000	HK$'000
Rental expenses paid to a fellow subsidiary (Note)	5,231	1,281

Note: The rental expenses related to the leasing of certain retail areas were based on estimated open market rentals.

(15) Review of unaudited interim accounts

The unaudited interim accounts for the six months ended 30 September 2005 have been reviewed with no disagreement by the Audit Committee of the Company.

Compliance with the Model Code for Directors' Dealing in Securities

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions.

Directors' Interests in Shares

At 30 September 2005, Directors of the Company had the following beneficial interests, all being long positions, in the share capital of the Company and the percentages which the shares represented to the issued share capital of the Company are also set out below:

	No. of Ordinary Shares (percentage of issued capital)	**Nature of Interest**
Mr. Walter K. W. Ma	368,000,000 (22.7%)	Other Interest (See Note below)
Mrs. Joyce E. Ma	368,000,000 (22.7%)	Other Interest (See Note below)
Ms. Adrienne M. Ma	378,000,000 (23.3%)	Personal Interest in 10,000,000 shares and Other Interest in 368,000,000 shares (See Note below)
Ms. Yvette T. Ma	368,000,000 (22.7%)	Other Interest (See Note below)

Note: *The 368,000,000 shares in the Company stated above as 'Other Interest' against the names of Mr. Walter K. W. Ma, Mrs. Joyce E. Ma, Ms. Adrienne M. Ma and Ms. Yvette T. Ma (the "Ma Family") represented an interest in the same block of shares comprised in certain trust property of which Mr. Walter Ma is the settlor and in which the Ma Family was taken, under certain provisions in Part XV of the Securities and Futures Ordinance (the "SFO") which are applicable to a director or chief executive of a listed company, to be interested. For the avoidance of doubt and double counting, it should be noted that such shareholding also represented the same block of shares as that of J. W. Mark Limited and Asiatrust Limited as mentioned below in the section headed "Substantial Shareholders' Interests".*

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or to the Model Code for Securities Transactions by Directors of Listed Issuers:

(i) there were no interests, both long and short positions, held as at 30 September 2005 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO); and

(ii) there existed during the financial period no rights to subscribe for shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial period of any such rights by any of them.

Substantial Shareholders' Interests

Given below are the names of all parties, other than person(s) who is/are Director(s) of the Company, who/which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at 30 September 2005, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the issued share capital of the Company:

	Names	**No. of Ordinary Shares** (percentage of issued capital)
(i)	Allied Wisdom International Limited	831,862,723 (51.4%)
(ii)	Wisdom Gateway Limited	831,862,723 (51.4%)
(iii)	HSBC Trustee (Guernsey) Limited	831,862,723 (51.4%)
(iv)	Mr. Peter K. C. Woo	831,862,723 (51.4%)
(v)	J. W. Mark Limited	*368,000,000 (22.7%)
(vi)	Asiatrust Limited	*368,000,000 (22.7%)

* *J. W. Mark Limited's and Asiatrust Limited's interests in 368,000,000 shares as stated above represent the same block of shares and have also been disclosed as other interest of the Ma Family above under section headed "Directors' Interests in Shares".*

Notes: (1) *For the avoidance of doubt and double counting, it should be noted that apart from the duplication of shareholdings in which both J. W. Mark Limited and Asiatrust Limited were deemed to be interested as stated above, duplication also occurs in respect of all of the shareholdings stated against parties (i) to (iv) above in that they all represent the same block of shares.*

(2) *Due to the amalgamation of Bermuda Trust (Guernsey) Limited with HSBC Trustee (Guernsey) Limited into one company known as HSBC Trustee (Guernsey) Limited with effect from 1 January 2005, the name of Bermuda Trust (Guernsey) Limited, which appeared in the Register prior to 1 January 2005, has been accordingly amended to become HSBC Trustee (Guernsey) Limited.*

All the interests stated above represented long positions and as at 30 September 2005, there were no short positions recorded in the Register.

SHARE OPTIONS

At the Annual General Meeting of the Company held on 27 August 2004, the Shareholders of the Company approved the adoption of an executive share incentive scheme (the "New Share Scheme") which has since co-existed with the share option scheme (the "Old Share Scheme") approved by the Shareholders of the Company in 1997.

(i) Old Share Scheme

No share option of the Company was issued, exercised, cancelled, lapsed or outstanding under the Old Share Scheme throughout the financial period.

(ii) New Share Scheme

Set out below are particulars and movements during the financial period of the Company's outstanding share options under the New Share Scheme which were granted to 23 employees (none of them being Director of the Company and two of them having left the employment of the Group during the period), all of them working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance and all being participants with options not exceeding the respective individual limits:

Date granted (Date/Month/Year)	No. of ordinary shares represented by unexercised options outstanding as at 01/04/2005	No. of ordinary shares represented by options lapsed during the financial period	No. of ordinary shares represented by unexercised options outstanding as at 30/09/2005	Period during which rights exercisable (Day/Month/Year)	Price per share to be paid on exercise of options (HK$)
17/09/2004	19,500,000	1,000,000	18,500,000	01/09/2005 to 31/08/2009	0.405

Except as disclosed above, no share option of the Company was issued, exercised, cancelled, lapsed or outstanding under the New Share Scheme throughout the financial period.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

By Order of the Board
Wilson W. S. Chan
Secretary

Hong Kong, 6 December 2005

As at the date of this interim report, the Board of Directors of the Company comprises Mr. Walter K. W. Ma, Mrs. Joyce E. Ma, Ms. Adrienne M. Ma, Mr. Jeffrey L. Flowers, Ms. Doreen Y. F. Lee, Mr. Gonzaga W. J. Li, Ms. Yvette T. Ma, Mr. Stephen T. H. Ng, Mr. T. Y. Ng and Mr. Paul Y. C. Tsui, together with four independent Non-executive Directors, namely, Mr. Michael E. Brillhart, Mr. Antonio Chan, Mr. Eric F. C. Li and Mr. Eric K. K. Lo.