

The board of Directors (the “Board”) of Shang Hua Holdings Limited (the “Company”) present herewith the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31st December, 2005. The condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2005 – UNAUDITED

	NOTES	Six months ended	
		31.12.2005 HK\$'000	31.12.2004 HK\$'000
Turnover	3	31,162	28,028
Cost of sales		<u>(30,503)</u>	<u>(26,564)</u>
Gross profit		659	1,464
Other operating income		308	220
Distribution costs		(72)	(94)
Administrative expenses		(3,346)	(3,322)
Amortisation of goodwill		<u>-</u>	<u>(6,200)</u>
Loss for the period		<u><u>(2,451)</u></u>	<u><u>(7,932)</u></u>
Loss per share – basic	7	<u><u>(2.98 cents)</u></u>	Restated <u><u>(10.32 cents)</u></u>