

Interim Report 2005/2006



**Wonderful World Holdings Limited**

**榮德豐控股有限公司\***

(Incorporated in Bermuda with limited liability)

Stock Code : 00109

\* for identification purposes only

## UNAUDITED CONSOLIDATED INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Wonderful World Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31st December, 2005 (the "Period") together with the comparative figures. The consolidated interim financial statements have not been audited, but have been reviewed by the Company's Audit Committee.

### CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 31st December,	
		2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Turnover	2	8,550	11,983
Cost of sales		(17,430)	(11,207)
Gross (loss)/profit		(8,880)	776
Reversal of unrealized holding loss on investment securities		6,283	–
Other operating income		45	30
Administrative expenses		(3,933)	(3,960)
Unrealized holding loss on other investments		(798)	(4,600)
Loss on disposal of long-term listed investment		(1)	–
Impairment loss on investment securities		–	(16,898)
Allowance for short-term loans receivable		–	(5,226)
Allowance for trade and other receivables		(942)	–
Loss from operations	3	(8,226)	(29,878)
Finance costs		–	(454)
Amortization of goodwill on acquisition of an associate		–	(3,110)
Share of results of associates		–	1,963
Loss for the period		(8,226)	(31,479)
Loss per share – Basic	5	(HK\$0.019)	(HK\$0.07)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2005 (unaudited)

	Issued capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Distributable reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st July, 2005	4,248	388,088	847	39,387	(5)	(412,460)	20,105
Loss for the period	-	-	-	-	-	(8,226)	(8,226)
<b>At 31st December, 2005</b>	<b>4,248</b>	<b>388,088</b>	<b>847</b>	<b>39,387</b>	<b>(5)</b>	<b>(420,686)</b>	<b>11,879</b>

## For the six months ended 31st December, 2004 (unaudited)

	Issued capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Distributable reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st July, 2004	4,248	388,088	847	39,387	(5)	(363,752)	68,813
Loss for the period	-	-	-	-	-	(31,479)	(31,479)
<b>At 31st December, 2004</b>	<b>4,248</b>	<b>388,088</b>	<b>847</b>	<b>39,387</b>	<b>(5)</b>	<b>(395,231)</b>	<b>37,334</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	<b>At 31st December, 2005 (Unaudited) HK\$'000</b>	<b>At 30th June, 2005 (Audited) HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	<b>121</b>	186
Investments in securities	7	<b>2,894</b>	4,206
		<b>3,015</b>	4,392
<b>CURRENT ASSETS</b>			
Inventories		<b>21</b>	21
Trade and other receivables	8	<b>492</b>	2,030
Short-term loans receivable	9	<b>1,453</b>	2,247
Investments in securities	7	<b>2,489</b>	9,901
Bank balances and cash		<b>15,246</b>	12,439
		<b>19,701</b>	26,638
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	<b>4,711</b>	4,799
Provision for legal claims		<b>5,996</b>	5,996
Taxation payable		<b>130</b>	130
		<b>10,837</b>	10,925
<b>NET CURRENT ASSETS</b>		<b>8,864</b>	15,713
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,879</b>	20,105
<b>CAPITAL AND RESERVES</b>			
Share capital	11	<b>4,248</b>	4,248
Reserves		<b>7,631</b>	15,857
		<b>11,879</b>	20,105

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 31st December,	
	2005	2004
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Net cash from/(used in) operating activities	<b>1,786</b>	(11,274)
Net cash from investing activities	<b>1,021</b>	9,966
Net cash used in financing activities	-	(354)
Net increase/(decrease) in cash and cash equivalents	<b>2,807</b>	(1,662)
Cash and cash equivalents at beginning of the period	<b>12,439</b>	6,822
Cash and cash equivalents at end of the period	<b>15,246</b>	5,160

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed unaudited financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong, and accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The HKICPA in 2004 issued a number of new and revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (hereinafter collectively referred to as "new HKFRSs") which have become effective for accounting periods beginning on or after 1st January, 2005. The Group has applied all these new HKFRSs which are applicable in the preparation of the condensed unaudited financial statements.

The accounting policies adopted are consistent with those adopted by the Group in its annual financial statements for the year ended 30th June, 2005 except for the new adoption of new HKFRSs. The adoption of new HKFRSs has no material impacts on the Group's results of operations and financial positions.

### 2. TURNOVER AND SEGMENT INFORMATION

For management purposes, the Group's operations are organized into six operating divisions, namely, investment and financial services, distribution and trading, provision of entertainment services, provision of website, advertising and design services, provision of travelling agency services and provision of telecommunications services. These divisions are the basis on which the Group reports its primary segment information.

## 2. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

### By business segments

#### INCOME STATEMENT

For the six months ended 31st December, 2005 (unaudited)

	Investment and financial services HK\$'000	Distribution and trading HK\$'000	Provision of entertainment services HK\$'000	Provision of website, advertising and design services HK\$'000	Provision of travelling agency services HK\$'000	Provision of telecommunications services HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	8,550	-	-	-	-	-	8,550
Inter-segment sales	-	-	-	-	-	-	-
Total	8,550	-	-	-	-	-	8,550

Inter-segment sales are charged at prevailing market prices.

#### RESULTS

Segment results	(4,293)	(109)	-	-	-	-	(4,402)
Unallocated corporate expenses							(3,824)
Loss from operations							(8,226)
Finance costs							-
Loss for the period							(8,226)

## 2. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

### INCOME STATEMENT

For the six months ended 31st December, 2004 (unaudited)

	Investment and financial services HK\$'000	Distribution and trading HK\$'000	Provision of entertainment services HK\$'000	Provision of website, advertising and design services HK\$'000	Provision of travelling agency services HK\$'000	Provision of telecommunications services HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	11,983	-	-	-	-	-	11,983
Inter-segment sales	-	-	-	-	-	-	-
Total	11,983	-	-	-	-	-	11,983

Inter-segment sales are charged at prevailing market prices.

### RESULTS

Segment results	(25,918)	(150)	-	-	-	-	(26,068)
Unallocated corporate expenses							(3,810)
Loss from operations							(29,878)
Finance costs							(454)
Amortization of goodwill on acquisition of an associate							(3,110)
Share the results of associates							1,963
Loss before minority interests							(31,479)
Minority interests							-
Loss for the period							(31,479)

### By geographical segment

	Turnover Six months ended 31st December,		Contribution to gain/(loss) from operations Six months ended 31st December,	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Hong Kong	8,550	11,983	(4,402)	(26,068)
	8,550	11,983		
Unallocated corporate expenses			(3,824)	(3,810)
Loss from operations			(8,226)	(29,878)



### 3. LOSS FROM OPERATIONS

	For the six months ended 31st December,	
	2005	2004
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Loss from operations has been arrived at after charging/(crediting):		
Staff costs	<b>1,813</b>	1,906
Auditors remuneration	<b>260</b>	268
Depreciation of property, plant and equipment		
– Owned assets	<b>120</b>	130
– Assets held under finance leases	<b>1</b>	1
Dividend income from listed securities	<b>(2)</b>	–
Interest income	<b>(184)</b>	(807)

### 4. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit for both periods.

### 5. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss attributable to shareholders for the Period of approximately HK\$8,226,000 (2004: HK\$31,479,000) and on 424,800,000 (2004: 424,800,000) ordinary shares in issue during the Period.

Diluted loss per share for the periods ended 31st December, 2005 and 31st December, 2004 have not been calculated as no potential ordinary shares were outstanding during both periods.

### 6. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group spent HK\$44,512 (2004: HK\$7,600) on additions to property, plant and equipment.

## 7. INVESTMENTS IN SECURITIES

	Investment securities		Other investments		Total	
	31st December, 2005 (Unaudited) HK\$'000	30th June, 2005 (Audited) HK\$'000	31st December, 2005 (Unaudited) HK\$'000	30th June, 2005 (Audited) HK\$'000	31st December, 2005 (Unaudited) HK\$'000	30th June, 2005 (Audited) HK\$'000
Listed equity securities in Hong Kong	884	2,196	2,489	9,901	3,373	12,097
Unlisted equity securities in Hong Kong	2,010	2,010	-	-	2,010	2,010
	<b>2,894</b>	4,206	<b>2,489</b>	9,901	<b>5,383</b>	14,107
Market value of listed securities	884	2,196	2,489	9,901	3,373	12,097
Carrying amount analyzed for reporting purposes as:						
Non-current	2,894	4,206	-	-	2,894	4,206
Current	-	-	2,489	9,901	2,489	9,901
	<b>2,894</b>	4,206	<b>2,489</b>	9,901	<b>5,383</b>	14,107

There was no individual investment with carrying amount exceeding one-tenth of the Group's total asset value needed to be disclosed pursuant of Section 129(2) of the Hong Kong Companies Ordinance.

During the period, the directors of the Company have reviewed the carrying amount of the investment securities in light of the current market condition with reference to the financial results and business operated by certain investees. There was no material impairment loss on the investment securities (2004: HK\$16,898,000) for the Period.

## 8. TRADE AND OTHER RECEIVABLES

As at 31st December, 2005, there were no outstanding trade receivables after allowance for trade receivables (30th June, 2005: HK\$942,000) and thus aging analysis is not applicable.

## 9. SHORT-TERM LOANS RECEIVABLE

As at 31st December, 2005, the loans were:

	<b>31st December, 2005 (Unaudited) HK\$'000</b>	30th June, 2005 (Audited) HK\$'000
Overdue	<b>55,009</b>	55,879
Accrued interest receivable	<b>427</b>	351
	<b>55,436</b>	56,230
Allowance	<b>(53,983)</b>	(53,983)
	<b>1,453</b>	2,247

The loans were made in general for a period from one to eighteen months, but may be extended on mutual agreement. These loans carry interest ranging from 5% to 27% per annum.

## 10. TRADE AND OTHER PAYABLES

As at 31st December, 2005, there were no outstanding trade payables (30th June, 2005: nil) and thus aging analysis is not applicable.

## 11. SHARE CAPITAL

	<b>31st December, 2005 (Unaudited) HK\$'000</b>	30th June, 2005 (Audited) HK\$'000
<b>Authorized:</b>		
20,000,000,000 (30th June, 2005: 20,000,000,000) ordinary shares of HK\$0.01 each	<b>200,000</b>	200,000
<b>Issued and fully paid:</b>		
424,800,000 (30th June, 2005: 424,800,000) ordinary shares of HK\$0.01 each	<b>4,248</b>	4,248

## 12. CONTINGENT LIABILITIES

On 10th November, 2000, the Company was named as a defendant in a legal action in which a claim was made against the Company for failure to pay, as the guarantor, an amount of approximately HK\$5,996,000 and interest thereon. In January 2003, the Company's lawyers had sought discovery of the original copies of the relevant documents from the plaintiff and yet the plaintiff had failed to respond or furnish any of the requested documents. The plaintiff had since then not taken any further steps to activate the proceedings which had then become dormant for over a year. In July 2004, the Company was informed by the plaintiff of its decision of re-activating the proceedings. The directors, after seeking legal advice, had decided to make a provision of HK\$5,996,000 for potential liability during the year ended 30th June, 2004. The Company applied for an order to strike out the proceedings during the year ended 30th June, 2005, but the application for striking out was subsequently dismissed. The Company's solicitors are preparing the necessary documents in preparation for trial in court.

## 13. COMMITMENTS

Commitments under operating leases

As at 31st December, 2005, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	<b>31st December, 2005 (Unaudited) HK\$'000</b>	30th June, 2005 (Audited) HK\$'000
Within one year	<b>572</b>	138
In second to fifth year inclusive	<b>477</b>	–
	<b>1,049</b>	138

There were no material capital commitments for property, plant and equipment as at 31st December, 2005.

## 14. APPROVAL OF THE INTERIM REPORT

These interim financial statements were approved and authorized for issue by the Board on 16th March, 2006.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

For the six months period ended 31st December, 2005, the turnover of the Group decreased by approximately HK\$3.43 million to approximately HK\$8.55 million (2004: HK\$11.98 million), representing a reduction of approximately 29% as compared to the corresponding period of last year. The decrease in turnover was primarily attributable to the drop in turnover of the Group's investment and financial services, as the Group had adopted a prudent approach in conducting businesses.

The prudent approach so taken benefited the Group by achieving marked improvements in the reduction of loss from operations. The loss attributable to shareholders of the Group for the period under review reduced significantly by approximately HK\$23.25 million to approximately HK\$8.23 million (2004: HK\$31.48 million), representing a decrease of approximately 74% as compared to the corresponding period of last year. Decrease in impairment loss on investment securities, drop in allowance for short-term loans receivable and reduction in unrealized holding loss on other investments all contributed to the significant decrease in loss attributable to shareholders for the period under review.

### Review of Operation

During the period under review, the beneficial effects from the on-going business rationalization were gradually reflected. The cash position of the Group was further strengthened and the Group had recorded positive net cash inflows from both of its operating activities and investing activities, which were resulted from the continuous cost control measures and the gradual reshuffling of the Group's portfolio of investment securities. Due to lower than expected market liquidity of some of the listed shares investments in the portfolio, the gradual liquidation of these listed shares investments had inevitably caused pressure to their then prevailing market prices, which in turn led to disposals below their respective costs. Hence, a gross loss was recorded during the period under review.

In response to the local economic sentiment, the Group kept cautiously fostered its business activities in investment and financial services which remained the core component in the Group's turnover, while a prudent approach was taken in operating other core business segments in view of keen competitions. Hence, no turnover was recorded for these other core business segments during the period under review, namely, (1) distribution and trading; (2) provision of website, advertising and design services; (3) provision of travelling agency services; (4) provision of entertainment services; and (5) provision of telecommunications services.

The on-going cost control measures had further slightly reduced the Group's operating expenses to approximately HK\$3.93 million (2004: HK\$3.96 million) for the period under review. To cope with the continuous upsurge of office rentals at Central where the Group's office previously located, the Group had relocated its office to North Point in November 2005 upon the expiry of its previous office lease, which would assist in controlling the fixed overheads.

## Future Prospects

The Group will continue to evaluate emerging business opportunities in these other core business segments to yield diversified sources of revenue, yet priority would be given to those new projects without heavy capital investments to reduce the Group's financial risks.

Since the appointment as the exclusive distributor of an American lubricant oil additive in 2005, the Group has been putting increasing efforts in its marketing both locally and via various channels in the PRC. To further build its presence in the vast PRC market, a trading entity would be established in Guangzhou and its registration and commissioning are at a very final stage.

The Group recently entered into an exclusive distribution agreement with a spin-off company from the Chinese University of Hong Kong to distribute its renowned supply chain management systems tailored made for knitting manufacturers. The distribution of such software systems would not require significant working capital financing from the Group because no inventories will be needed to carry and payment terms to the supplier will be back-to-back with that of customers.

Business rationalization will continue to call for the possible need of disposing of loss making companies to reduce potential financial risks. On-going reshuffling of share investments portfolio will again be part of this rationalization process, which will result in further gradual reduction of share investments.

Investment and financial services will continue to be the prime contributor of the Group in the second half of the fiscal year.

## **Liquidity and Financial Resources**

The Group maintains its adequate financial position with cash and cash equivalents of approximately HK\$15.25 million (30th June, 2005: HK\$12.44 million). The Group is basically debt-free and at a net cash position.

As at 31st December, 2005, the Group had a net current assets of approximately HK\$8.86 million (30th June, 2005: HK\$15.71 million). The shareholders' equity was approximately HK\$11.88 million (30th June, 2005: HK\$ 20.11 million) and there is no outstanding bank loan and other borrowings.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 31st December, 2005 (2004: nil).

## **FOREIGN EXCHANGE EXPOSURE**

The Group's monetary assets and liabilities were primarily denominated in Hong Kong dollars and thus the Group would not have significant exposures to material fluctuations in exchange rates. As at 31st December, 2005, the Group had no material exposures under foreign exchange contracts, interest, currency swaps or other financial derivatives.

## DISCLOSURE OF INTERESTS

### (i) Directors

At 31st December, 2005, the interests or short positions of each director and the chief executive in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

#### *Ordinary shares of the Company*

<b>Directors</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Approximate percentage of issued share capital of the Company</b>
Mr. Liu Ka Lim ("Mr. Liu") (Note)	Held by controlled corporation	243,998,759	57.44%
Ms. Ada Lam ("Ms. Lam") (Note)	Held by controlled corporation	243,998,759	57.44%
Mr. Yeung Wood Sang	Beneficial owner	13,070,889	3.08%

*Note:* The shares are held by Winning Concept Investments Limited ("Winning Concept"), the share capital of which is beneficially owned as to 99% by Ms. Lam and as to 1% by Mr. Liu.

Save as disclosed above, none of the directors and the chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.



## (ii) Substantial Shareholder

At 31st December, 2005, so far as is known to the Directors, shareholders who had an interest or short position in the shares and underlying shares of the Company which have been disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Number of issued ordinary shares held	Approximate percentage of issued shares capital of the Company
Winning Concept ( <i>Note</i> )	243,998,759	57.44%

*Note:* Winning Concept is beneficially owned as to 99% by Ms. Lam and as to 1% by Mr. Liu.

Save as disclosed herein, no other person was directly or indirectly beneficially interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company as at 31st December, 2005.

None of the Directors has any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to the Company or any of its subsidiaries.

## EMPLOYMENT AND REMUNERATION POLICIES

As at 31st December, 2005, the Group employed approximately 7 employees. The Remuneration Committee and the Directors of the Group reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Apart from as disclosed under the heading "Shares Option Scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## **SHARE OPTION SCHEME**

The Company has a share option scheme to enable the directors of the Company to grant options to eligible employees, including executive directors, of the Company and its subsidiaries to subscribe for shares in the Company.

No share options were granted during the Period and there are no share options outstanding as at 31st December, 2005.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31st December, 2005.

## **AUDIT COMMITTEE**

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee comprises the three independent non-executive Directors of the Company. The primary duties of the Audit Committee are to review the Company's annual and interim results and to review and supervise the Company's financial reporting and internal control procedures.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters, including review of the unaudited interim financial statements of the Group for the Period.

## CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied throughout the period ended 31st December, 2005 with the Code on Corporate Governance Practices (the ‘Code’) as set out by the Stock Exchange in Appendix 14 to the Listing Rules, except that the independent non-executive Directors of the Company were not appointed for a specific term but are subject to retirement by rotation according to the provisions of the Company’s Bye-Laws.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 (the “Model Code”) to Listing Rules during the period under review. The Company has made specific enquiry with all directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the period ended 31st December, 2005.

## OTHER INFORMATION

Pursuant to rule 14.06(2) of the Listing Rules, the Company issued a circular dated 2nd September, 2005 regarding the detailed information on an advance of HK\$3,000,000 to an entity. Upon the full settlement of the whole of HK\$3,000,000 by the end of September 2005, there was no outstanding advance from that entity as at 31st December, 2005.

The Company made a press announcement dated 31st October, 2005 in relation to, inter alia, continuing connected transactions involving the leasing of office premises from an associate of a connected person of the Company. From the commencement of the lease on 5th November, 2005 to 31st December, 2005, the total rentals (inclusive of building management fee and services fees but excluding government rates and government rent) amounting to approximately HK\$88,900 (2004: nil) were paid to the said associate of a connected person of the Company.

## APPRECIATION

On behalf of the Board, I would like to thank all of our customers, shareholders, suppliers and employees for their continued support.

On behalf of the Board  
**Liu Ka Lim**  
*Chairman*

Hong Kong, 16th March, 2006