



NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

Interim Report 2006

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RESULTS HIGHLIGHT

	Unaudited	
	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
Turnover	53,208	27,614
Profit attributable to equity holders of the Company	45,143	263,066
Profit attributable to equity holders of the Company – excluding changes in fair value of investment properties and related deferred tax	33,181	7,911
Earnings per share	HK\$1.02	HK\$5.84
Earnings per share – excluding changes in fair value of investment properties and related deferred tax	HK\$0.75	HK\$0.19

The Board of Directors of Nanyang Holdings Limited announces that the unaudited Group results for the six months ended 30th June 2006 showed a profit of HK\$45.1 million (2005: HK\$263.1 million). The prior period's profit included a net gain of HK\$255.2 million resulting from the revaluation of the Company's investment properties on a fair value basis. After netting the effect of the revaluation, the current half year's profit would be HK\$33.2 million (2005: HK\$7.9 million). Earnings per share were HK\$1.02 (2005: HK\$5.84).

Business Review and Prospects

Textile Operations

Earnings at the Company's 64.7% joint venture in Shanghai, Shanghai Sung Nan Textile Company Limited, improved in the first half of 2006 due to an increase in the sales of denim. Performance in the second half is expected to continue to be satisfactory.

Since the last report on our intention to relocate the textile mill in Shanghai, Sung Nan has secured a site, of approximately 100,000 sq.m. of industrial land, at Taicang, Kiangsu Province at an estimated cost of approximately RMB17 million. Construction and financing arrangements are still being discussed and will be disclosed in due course.

The Company's 45% joint venture in Shenzhen, Southern Textile Company Limited, also reported improved earnings due to an increase in rental rates. Its main asset, a factory building which is leased to third parties, has an occupancy rate of 95%.

Real Estate

The positive business sentiment and economic outlook continued to benefit the Hong Kong property market. Demand for prime office space in Central remains firm and the vacancy rate is low. This has a spillover effect which benefited the industrial/office (I/O) market. During the first half of 2006, we were able to achieve substantially higher rental rates on renewals and new leases and 96% of the 290,000 sq.ft. of I/O space the Company holds at Nanyang Plaza is presently leased. We expect rental rates to continue to improve for the rest of the year, albeit moderately.

Financial Investments

In the first half of 2006, interest rates in the US increased and there were concerns about inflation due to high energy prices. China, however, continued to grow at an intense pace which benefited the local economy. For the six months ended 30th June 2006, the value of the Company's investment portfolios increased by 5.22%. During this period, we reduced US equities and hedge funds and increased holdings in China related equities. As of now, 44% of the Company's investment portfolios was invested in equities (of which 35% was in US equities), 13% in bonds, 15% in alternative strategies and the balance of 28% in cash and money market investments.

During the period and up to now, the Company has made an additional investment of approximately HK\$105.3 million in a private bank in Taiwan, The Shanghai Commercial & Savings Bank Limited. This investment will be held for the long-term and categorized under available-for-sale financial assets. This represents a good opportunity to participate in a private equity investment.

Financial Position

The Group's investment properties with a value of HK\$806.2 million (31/12/2005: HK\$791.7 million) have been mortgaged to a bank to secure general banking facilities. As at 30th June 2006, HK\$4 million (31/12/2005: none) of the facilities were utilized. At the end of the period, the Company had net current assets of HK\$455.9 million (31/12/2005: HK\$446.1 million).

Purchase, Sale or Redemption of Shares

During the period, the Company purchased a total of 500,000 shares of the Company on The Stock Exchange of Hong Kong Limited, all of which have been subsequently cancelled. The directors consider that the repurchase of shares will benefit the shareholders by enhancing the net assets per share. The details of such repurchases were as follows:

<i>Month of repurchase</i>	<i>Number of shares purchased</i>	<i>Price paid per share</i>		<i>Amount paid before expenses</i> HK\$
		<i>Highest</i>	<i>Lowest</i>	
		HK\$	HK\$	
February 2006	500,000	9.60	–	4,800,000

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company during the period.

Directors' Interests

As at 30th June 2006, the interests of the directors and chief executive in the share capital of the Company as recorded in the Register of Directors'/Chief Executives' Interests and Short Positions maintained under Section 352 of the Securities and Futures Ordinance (the "SFO") were as follows:

<i>Name</i>	<i>Ordinary shares of HK\$0.10 each of the Company</i>				<i>% of issued share capital</i>
	<i>Personal interests</i>	<i>Family interests</i>	<i>Corporate interests</i>	<i>Total</i>	
Yun Cheng Wang	1,691,294	1,956,152	–	3,647,446	8.25%
Hung Ching Yung	10,701,944	30,000	5,500,000	16,231,944	36.73%
			(Note)		
Lincoln C. K. Yung	2,240,000	10,000	–	2,250,000	5.09%
Rudolf Bischof	100,000	–	–	100,000	0.23%

Note: As stated below, Mr. Hung Ching Yung is taken to be interested in the same 5,500,000 shares owned by a substantial shareholder, Tankard Shipping Co. Inc., pursuant to the SFO.

During the period, the Company has not granted to any directors, chief executive or their respective spouses and children under 18 years of age any rights to subscribe for shares of the Company.

At no time during the period was the Company or its subsidiaries a party to any arrangements to enable the directors or chief executive or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial shareholders

As at 30th June 2006, the Register of Substantial Shareholders' Interests and Short Positions maintained under Section 336 of the SFO shows that the following party, other than the directors as disclosed above, was interested in 5 per cent or more of the issued share capital of the Company:

	<i>Number of shares</i>	<i>% of issued share capital</i>
Tankard Shipping Co. Inc.	5,500,000 (Note)	12.44%

Note: Mr. Hung Ching Yung is taken to be interested in the same 5,500,000 shares owned by Tankard Shipping Co. Inc. pursuant to the SFO.

Employees

The Group employed 26 employees as at 30th June 2006. Remuneration is determined by reference to the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover and provident funds.

Corporate Governance

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June 2006, in compliance with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Code for Dealing in Company's Securities by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). The Directors have complied with the required standard set out in the Model Code throughout the six months ended 30th June 2006.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th June 2006 with the management.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2006

	Note	Six months ended 30th June	
		2006	2005
		HK\$'000	HK\$'000
Turnover	4	53,208	27,614
Direct costs		<u>(6,572)</u>	<u>(5,525)</u>
Gross profit		46,636	22,089
Administrative expenses		(17,819)	(16,644)
Other operating income		767	237
Other operating expenses		(1,602)	(2,011)
Changes in fair value of investment properties		<u>14,500</u>	<u>308,180</u>
Operating profit	5	42,482	311,851
Finance costs	6	(22)	(46)
Share of profits of jointly controlled entities		<u>6,014</u>	<u>5,103</u>
Profit before income tax		48,474	316,908
Income tax expense	7	<u>(3,331)</u>	<u>(53,842)</u>
Profit attributable to equity holders of the Company		<u>45,143</u>	<u>263,066</u>
Earnings per share (basic and diluted)	8	<u>HK\$1.02</u>	<u>HK\$5.84</u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2006

	Note	30th June 2006 HK\$'000	31st December 2005 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	3,420	3,624
Investment properties	11	826,700	812,200
Jointly controlled entities		105,994	102,151
Available-for-sale financial assets		53,280	64,006
Deferred income tax assets		142	142
		<u>989,536</u>	<u>982,123</u>
Current assets			
Trade and other receivables	12	18,697	6,682
Financial assets at fair value through profit or loss		338,100	353,535
Cash and cash equivalents		143,926	126,550
		<u>500,723</u>	<u>486,767</u>
Total assets		<u><u>1,490,259</u></u>	<u><u>1,468,890</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	4,419	4,469
Reserves	14	1,331,879	1,301,746
Proposed final dividend		–	15,468
Total equity		<u><u>1,336,298</u></u>	<u><u>1,321,683</u></u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		<u>109,119</u>	<u>106,581</u>
Current liabilities			
Trade and other payables	15	39,919	40,426
Tax payable		923	200
Borrowings		4,000	–
		<u>44,842</u>	<u>40,626</u>
Total liabilities		<u><u>153,961</u></u>	<u><u>147,207</u></u>
Total equity and liabilities		<u><u>1,490,259</u></u>	<u><u>1,468,890</u></u>
Net current assets		<u><u>455,881</u></u>	<u><u>446,141</u></u>
Total assets less current liabilities		<u><u>1,445,417</u></u>	<u><u>1,428,264</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH JUNE 2006**

	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
Total equity at 1st January	1,321,683	983,121
Investments revaluation (deficit)/surplus	(10,810)	9,140
Currency translation differences	550	(213)
Profit for the period	45,143	263,066
Dividends	(15,468)	(13,507)
Shares repurchased and cancelled	(4,800)	(985)
Total equity at 30th June	<u>1,336,298</u>	<u>1,240,622</u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2006

	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
Net cash generated from operating activities	34,072	5,877
Net cash (used in)/generated from investing activities	(487)	3,866
Net cash used in financing activities	(16,268)	(25,492)
Net increase/(decrease) in cash and cash equivalents	17,317	(15,749)
Cash and cash equivalents at 1st January	126,550	93,797
Effect of foreign exchange rate changes	59	46
Cash and cash equivalents at 30th June	<u>143,926</u>	<u>78,094</u>
Analysis of cash and cash equivalents		
Cash and bank balances	<u>143,926</u>	<u>78,094</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Nanyang Holdings Limited (“the Company”) is a limited liability company incorporated in Bermuda. The address of its principal place of business in Hong Kong is 1808 St George’s Building, 2 Ice House Street, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (together “the Group”) engage in property investment, investment holding and trading, and textile trading.

This condensed consolidated interim financial information (“Interim Financial Information”) is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. This Interim Financial Information has been approved for issue by the Board of Directors on 6th September 2006.

2 Basis of preparation

This Interim Financial Information for the six months ended 30th June 2006 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

This Interim Financial Information should be read in conjunction with the 2005 annual financial statements.

3 Accounting policies

The accounting policies and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the 2005 annual financial statements.

The following new standards, amendments to standards and interpretations, which are relevant to the Group’s operations, are mandatory for financial year ending 31st December 2006:

HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures
HKAS 39 (Amendment)	The fair value option
HKAS 21 (Amendment)	Net investment in a foreign operation
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions
HKAS 39 and HKFRS 4 (Amendment)	Financial guarantee contracts
HK(IFRIC)-Int 4	Determining whether an arrangement contains a lease

The adoption of the above new accounting standards had no material impact on the Group’s financial statements.

3 Accounting policies (Continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006:

HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of embedded derivatives
HKFRS 7	Financial instruments: disclosures
HKAS 1 (Amendment)	Capital disclosures

The Group has not yet adopted the above accounting standards. The Group has commenced an assessment of their expected impact but is not yet in a position to state whether they will have a material impact on the Group's financial statements.

4 Turnover and segment information

Turnover recognised during the period comprises the following:

	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
Gross rental income from investment properties	16,791	15,907
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	17,946	(1,646)
Dividend income from listed investments	1,483	1,086
Dividend income from unlisted investments	4,386	1,866
Interest income	4,305	1,796
Management fee income from investment properties	3,998	4,191
Commission income (Note 17(a))	4,299	4,414
	<u>53,208</u>	<u>27,614</u>

(a) Primary reporting format – business segments

The Group is organised on a worldwide basis into three main business segments:

- Textile – manufacture and distribution of textile products
- Property – investment in and leasing of industrial/office premises
- Investment – holding and trading of investment securities

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

4 Turnover and segment information (Continued)

(a) Primary reporting format – business segments (Continued)

The segment results for the six months ended 30th June 2006 are as follows:

	Textile HK\$'000	Property HK\$'000	Investment HK\$'000	Group HK\$'000
Turnover	<u>4,299</u>	<u>20,789</u>	<u>28,120</u>	<u>53,208</u>
Segment results	4,159	13,424	24,899	42,482
Finance costs				(22)
Share of profits of jointly controlled entities	6,014	–	–	<u>6,014</u>
Profit before income tax				48,474
Income tax expense				<u>(3,331)</u>
Profit attributable to equity holders of the Company				<u>45,143</u>
Capital expenditure	–	24	–	24
Depreciation	<u>164</u>	<u>48</u>	<u>11</u>	<u>223</u>

The segment results for the six months ended 30th June 2005 are as follows:

	Textile HK\$'000	Property HK\$'000	Investment HK\$'000	Group HK\$'000
Turnover	<u>4,414</u>	<u>20,098</u>	<u>3,102</u>	<u>27,614</u>
Segment results	1,800	309,720	331	311,851
Finance costs				(46)
Share of profits of jointly controlled entities	5,103	–	–	<u>5,103</u>
Profit before income tax				316,908
Income tax expense				<u>(53,842)</u>
Profit attributable to equity holders of the Company				<u>263,066</u>
Capital expenditure	–	196	–	196
Depreciation	<u>164</u>	<u>37</u>	<u>12</u>	<u>213</u>

4 Turnover and segment information (Continued)

(a) Primary reporting format – business segments (Continued)

The segment assets and liabilities at 30th June 2006 are as follows:

	Textile HK\$'000	Property HK\$'000	Investment HK\$'000	Unallocated HK\$'000	Group HK\$'000
Assets	3,920	881,704	498,499	142	1,384,265
Jointly controlled entities	105,994	–	–	–	105,994
Total assets	<u>109,914</u>	<u>881,704</u>	<u>498,499</u>	<u>142</u>	<u>1,490,259</u>
Liabilities	<u>2,420</u>	<u>39,146</u>	<u>2,353</u>	<u>110,042</u>	<u>153,961</u>

The segment assets and liabilities at 31st December 2005 are as follows:

	Textile HK\$'000	Property HK\$'000	Investment HK\$'000	Unallocated HK\$'000	Group HK\$'000
Assets	4,266	880,212	482,119	142	1,366,739
Jointly controlled entities	102,151	–	–	–	102,151
Total assets	<u>106,417</u>	<u>880,212</u>	<u>482,119</u>	<u>142</u>	<u>1,468,890</u>
Liabilities	<u>4,393</u>	<u>34,186</u>	<u>1,847</u>	<u>106,781</u>	<u>147,207</u>

(b) Secondary reporting format – geographical segments

The Group's three main business segments operate in the following main geographical areas:

People's Republic of China (including Hong Kong) – textile, property and investment

United States of America, Europe and Southeast Asia – investment

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

	Turnover		Operating results		Capital expenditure	
	Six months ended		Six months ended		Six months ended	
	30th June		30th June		30th June	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
People's Republic of China (including Hong Kong)	29,246	25,228	19,511	310,362	24	196
United States of America	6,559	1,982	6,219	(2,832)	–	–
Europe	10,867	(1,199)	10,323	1,443	–	–
Southeast Asia	6,096	24	6,011	2,922	–	–
Other countries	440	1,579	418	(44)	–	–
	<u>53,208</u>	<u>27,614</u>	<u>42,482</u>	<u>311,851</u>	<u>24</u>	<u>196</u>

4 Turnover and segment information (Continued)

(b) Secondary reporting format – geographical segments (Continued)

Total assets are allocated based on where the assets are located.

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
People's Republic of China (including Hong Kong)	921,868	917,729
United States of America	276,048	253,967
Europe	63,451	63,297
Southeast Asia	38,471	45,897
Other countries	84,285	85,707
	<u>1,384,123</u>	<u>1,366,597</u>
Jointly controlled entities	105,994	102,151
Unallocated assets	142	142
	<u>1,490,259</u>	<u>1,468,890</u>

5 Operating profit

Operating profit is stated after charging depreciation of HK\$223,000 (2005: HK\$213,000).

6 Finance costs

	Six months ended 30th June 2006 HK\$'000	2005 HK\$'000
Interest expenses on short-term bank loans	<u>22</u>	<u>46</u>

7 Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30th June 2006 HK\$'000	2005 HK\$'000
Current income tax		
– Hong Kong profits tax	793	370
Deferred income tax	<u>2,538</u>	<u>53,472</u>
	<u>3,331</u>	<u>53,842</u>

The share of profits of jointly controlled entities in the income statement includes the share of overseas taxation attributable to jointly controlled entities for the six months ended 30th June 2006 of HK\$855,000 (2005: HK\$731,000).

8 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th June	
	2006	2005
Profit attributable to equity holders of the Company (HK\$'000)	<u>45,143</u>	<u>263,066</u>
Weighted average number of ordinary shares in issue (thousands)	<u>44,320</u>	<u>45,042</u>
Basic earnings per share (HK\$)	<u>1.02</u>	<u>5.84</u>

The Company has no dilutive potential ordinary shares.

9 Dividends

	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
2005 final dividend paid of HK\$0.35 (2004 final dividend paid of HK\$0.30) per share	<u>15,468</u>	<u>13,507</u>

The directors have decided not to declare an interim dividend for the six months ended 30th June 2006 (2005: Nil).

10 Property, plant and equipment

	HK\$'000
Net book amount as at 1st January 2006	3,624
Additions	24
Disposals	(5)
Depreciation	<u>(223)</u>
Net book amount as at 30th June 2006	<u>3,420</u>
Net book amount as at 1st January 2005	3,852
Additions	196
Depreciation	<u>(213)</u>
Net book amount as at 30th June 2005	3,835
Additions	14
Depreciation	<u>(225)</u>
Net book amount as at 31st December 2005	<u>3,624</u>

11 Investment properties

	HK\$'000
Net book amount as at 1st January 2006	812,200
Fair value gains	14,500
Net book amount as at 30th June 2006	826,700
Net book amount as at 1st January 2005	444,220
Fair value gains	308,180
Net book amount as at 30th June 2005	752,400
Fair value gains	59,800
Net book amount as at 31st December 2005	812,200

The Group's investment properties with an aggregate carrying value of HK\$806,200,000 (2005: HK\$791,700,000) have been mortgaged to a bank to secure general banking facilities of which HK\$4,000,000 (31st December 2005: None) was utilised as at 30th June 2006.

12 Trade and other receivables

Included in trade and other receivables are trade receivables of HK\$85,000 (2005: HK\$254,000). The Group does not grant any credit to its customers. All trade receivables as at the balance sheet date are aged within 30 days.

13 Share capital

	Number of shares	Amount HK\$'000
Authorised:		
Shares of HK\$0.10 each		
At 1st January 2005 and 30th June 2006	<u>60,000,000</u>	<u>6,000</u>
Issued and fully paid:		
Shares of HK\$0.10 each		
At 1st January 2005	45,095,299	4,509
Repurchase of own shares	<u>(109,500)</u>	<u>(11)</u>
At 30th June 2005	44,985,799	4,498
Repurchase of own shares	<u>(290,500)</u>	<u>(29)</u>
At 31st December 2005	44,695,299	4,469
Repurchase of own shares	<u>(500,000)</u>	<u>(50)</u>
At 30th June 2006	<u>44,195,299</u>	<u>4,419</u>

During the period, the Company repurchased a total of 500,000 (31st December 2005: 400,000) of its own shares through purchases on The Stock Exchange of Hong Kong Limited, all of which were then cancelled. The aggregate price of HK\$4,800,000 (31st December 2005: HK\$3,720,000) paid was charged against retained profits and the nominal value of the shares repurchased of HK\$50,000 (31st December 2005: HK\$40,000) was transferred to the capital redemption reserve.

14 Reserves

	Contributed surplus HK\$'000	Investments revaluation reserve HK\$'000	Capital reserve on consolidation HK\$'000	General reserve HK\$'000	Statutory reserves HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January 2006	20,000	38,514	1,000	76,000	11,425	6,430	531	1,163,314	1,317,214
Revaluation deficit	-	(10,810)	-	-	-	-	-	-	(10,810)
Currency translation differences	-	-	-	-	-	550	-	-	550
Profit for the period	-	-	-	-	-	-	-	45,143	45,143
Share repurchased and cancelled	-	-	-	-	-	-	50	(4,800)	(4,750)
2005 final dividend	-	-	-	-	-	-	-	(15,468)	(15,468)
At 30th June 2006	20,000	27,704	1,000	76,000	11,425	6,980	581	1,188,189	1,331,879
At 1st January 2005	20,000	26,632	1,000	76,000	10,538	7,068	491	836,883	978,612
Revaluation surplus	-	9,140	-	-	-	-	-	-	9,140
Currency translation differences	-	-	-	-	-	(213)	-	-	(213)
Profit for the period	-	-	-	-	-	-	-	263,066	263,066
Share repurchased and cancelled	-	-	-	-	-	-	11	(985)	(974)
2004 final dividend	-	-	-	-	-	-	-	(13,507)	(13,507)
At 30th June 2005	20,000	35,772	1,000	76,000	10,538	6,855	502	1,085,457	1,236,124
Revaluation surplus	-	2,742	-	-	-	-	-	-	2,742
Currency translation differences	-	-	-	-	-	(425)	-	-	(425)
Profit for the period	-	-	-	-	-	-	-	81,479	81,479
Share repurchased and cancelled	-	-	-	-	-	-	29	(2,735)	(2,706)
Transfer to statutory reserves of jointly controlled entities	-	-	-	-	887	-	-	(887)	-
At 31st December 2005	20,000	38,514	1,000	76,000	11,425	6,430	531	1,163,314	1,317,214
Representing:									
Reserves at 31st December 2005									1,301,746
2005 final dividend proposed									15,468
At 31st December 2005									<u>1,317,214</u>

15 Trade and other payables

Included in trade and other payables are trade payables of HK\$2,229,000 (2005: HK\$1,722,000).

At 30th June 2006, the aging analysis of the trade payables is as follows:

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Within 30 days	1,889	1,382
31 – 60 days	340	340
	<u>2,229</u>	<u>1,722</u>

16 Capital commitments

At 30th June 2006, the Group had no material capital commitment (31st December 2005: HK\$Nil).

The Group's share of capital commitments of a jointly controlled entity is as follows:

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Contracted but not provided for	5,608	4,640
Authorised but not contracted for	37,209	42,656
	<u>42,817</u>	<u>47,296</u>

17 Related-party transactions

(a) Sales of services

During the period, agency commission income of HK\$4,299,000 (2005: HK\$4,414,000) was received by a subsidiary from a jointly controlled entity for handling sales of textile products for the jointly controlled entity. These transactions were entered into in the normal course of business of the Group and the commission income has been calculated at certain fixed percentages of the value of sales handled by the subsidiary.

(b) Key management compensation

	Six months ended 30th June 2006 HK\$'000	2005 HK\$'000
Salaries and other employee benefits	9,917	9,211
Post-employment benefits	125	390
	<u>10,042</u>	<u>9,601</u>

17 Related-party transactions (Continued)

(c) Related-party balances

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Dividend receivable from a jointly controlled entity	2,173	–
Amount due to a jointly controlled entity	<u>1,961</u>	<u>3,654</u>

18 Event after the balance sheet date

Subsequent to the balance sheet date, the Group has subscribed for new shares of The Shanghai Commercial & Savings Bank Limited (“SCSB”) pursuant to a share offer by SCSB to its existing shareholders at a consideration of approximately HK\$98,310,000 which has been funded from the Group’s available banking facilities. The investment will be accounted for as “available-for-sale financial assets” in the financial statements.

On behalf of the Board

Rudolf Bischof
Chairman

Hong Kong, 6th September 2006

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