



RISING DEVELOPMENT HOLDINGS LIMITED

麗盛集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1004)

INTERIM REPORT

2006

FOR THE SIX MONTHS ENDED

30TH SEPTEMBER 2006

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Directors") of Rising Development Holdings Limited (the "Company") is pleased to announce the unaudited condensed interim consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2006 together with the comparative figures for the corresponding period in 2005. These condensed interim 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 30TH SEPTEMBER 2006

		(Unaudited) Six months ended 30th September	
	Note	2006 HK\$'000	2005 HK\$'000 (Restated)
TURNOVER	2	144,466	96,533
Cost of sales		<u>(126,600)</u>	<u>(78,645)</u>
Gross profit		17,866	17,888
Other income and gains			
– Income from investments	3	15,926	10,357
– Others	3	1,961	2,082
Selling and distribution expenses		(2,092)	(2,339)
Operating and administrative expenses		(7,126)	(8,291)
Non-operating expenses		(857)	(119)
Finance costs	4	(3,725)	(1,198)
Share of loss of an associate		<u>(9)</u>	<u>(27)</u>
PROFIT BEFORE TAX	5	21,944	18,353
Tax	6	<u>(869)</u>	<u>(1,202)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>21,075</u>	<u>17,151</u>
PROPOSED INTERIM DIVIDEND	7	<u>7,914</u>	<u>7,306</u>
EARNINGS PER SHARE	8		
Basic		<u>HK3.46 cents</u>	<u>HK2.82 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER 2006 AND 31ST MARCH 2006

		(Unaudited) 30th September 2006 HK\$'000	(Audited) 31st March 2006 HK\$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	9	6,367	6,723
Investment properties		27,100	27,100
Prepaid land lease payments		893	904
Interest in an associate		21	30
Available-for-sale financial assets	10	196,441	194,035
		<u>230,822</u>	<u>228,792</u>
CURRENT ASSETS			
Inventories		82,301	63,297
Prepaid land lease payments		23	23
Prepayments, deposits and other receivables		5,092	4,199
Trade receivables	11	6,944	1,883
Financial assets at fair value through profit or loss	12	125,027	106,178
Cash and cash equivalents		31,197	24,537
		<u>250,584</u>	<u>200,117</u>
CURRENT LIABILITIES			
Bank overdraft, unsecured		-	43
Short-term bank loans			
– secured		108,133	82,300
– unsecured		13,000	5,766
Trust receipt loans, secured		5,090	7,727
Trade payables	13	729	3,124
Other payables and accruals		3,001	1,248
Customers' deposits		49,024	39,051
Current portion of finance lease payable		2	10
Tax payable		7,671	6,937
		<u>186,650</u>	<u>146,206</u>
NET CURRENT ASSETS		<u>63,934</u>	<u>53,911</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		294,756	282,703
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,354	2,354
		<u>292,402</u>	<u>280,349</u>
CAPITAL AND RESERVES			
Share capital	14	60,879	60,879
Reserves		231,523	208,512
Proposed final dividend		-	10,958
Total Equity		<u>292,402</u>	<u>280,349</u>

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

	(Unaudited)	
	Six months ended	
	30th September 2006	30th September 2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(12,762)	(4,250)
Net cash used in investing activities	(2,636)	(24,281)
Net cash from financing activities	22,101	9,998
Net increase/(decrease) in cash and cash equivalents	6,703	(18,533)
Cash and cash equivalents at 1st April	24,494	69,255
Cash and cash equivalents at 30th September	<u>31,197</u>	<u>50,722</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<u>31,197</u>	<u>50,722</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)									
	Six months ended 30th September 2006									
	Share capital	Share premium account	Contributed surplus	Asset revaluation reserve	Exchange fluctuation reserve	Investment revaluation reserve	Statutory reserve fund	Retained profits	Proposed final dividend	Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st April 2006	60,879	29,493	5,830	2,595	118	(392)	12	170,856	10,958	280,349
Realized on disposal of available-for-sale financial assets	-	-	-	-	-	(2,042)	-	-	-	(2,042)
Surplus on revaluation	-	-	-	-	-	3,978	-	-	-	3,978
2006 final dividend paid	-	-	-	-	-	-	-	-	(10,958)	(10,958)
Profit for the period	-	-	-	-	-	-	-	21,075	-	21,075
At 30th September 2006	60,879	29,493	5,830	2,595	118	1,544	12	191,931	-	292,402

	(Unaudited)									
	Six months ended 30th September 2005									
	Share capital	Share premium account	Contributed surplus	Fixed asset revaluation reserve	Exchange fluctuation reserve	Investment revaluation reserve	Statutory reserve fund	Retained profits	Proposed final dividend	Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st April 2005										
As previously reported	39,826	48,252	5,830	9,099	118	4,226	12	147,854	11,948	267,165
Change in accounting policy – HKAS – Int.21	-	-	-	-	-	-	-	(850)	-	(850)
As restated	39,826	48,252	5,830	9,099	118	4,226	12	147,004	11,948	266,315
Shares issued under share option scheme	760	1,534	-	-	-	-	-	-	-	2,294
Issue of bonus shares	20,293	(20,293)	-	-	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	3,866	-	-	-	3,866
2005 final dividend paid	-	-	-	-	-	-	-	(227)	(11,948)	(12,175)
Profit for the period	-	-	-	-	-	-	-	17,151	-	17,151
At 30th September 2005	60,879	29,493	5,830	9,099	118	8,092	12	163,928	-	277,451

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed interim consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the current period, the Group included trading in equity securities under “financial assets at fair value through profit or loss” as one of its principal activities and accordingly, the directors considered it more appropriate to reclassify its proceeds from trading in equity securities and related cost under turnover and cost of sales respectively, and also to present the related financial information under a separate segment of “Trading in equity securities” to better reflect the underlying nature of these balances and allow a more appropriate presentation of the Group’s results. In the corresponding period in 2005, no such trading of equity securities incurred. The comparative amounts of segment information have been restated to conform with the current period’s presentation.

Apart from the foregoing, the accounting policies and method of computation used in the preparation of these condensed interim consolidated financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2006.

HKICPA has issued a number of new standards, amendments to standards and interpretations that are effective for accounting periods beginning on or after 1 January 2006. The Group has carried out an assessment of these standards, amendments and interpretations and considered that they would not have significant impact on the results and financial position of the Group.

2. SEGMENT INFORMATION

The following tables present revenue, profit and expenditure information for the Group's business and geographical segments:

(a) Business segments:

2006	(Unaudited) 6 months ended 30th September 2006					Consolidated HK\$'000
	Trading in equity securities HK\$'000	Investments and others HK\$'000	Manufacture and sales of fur garments HK\$'000	Trading of fur skins HK\$'000	Elimination HK\$'000	
Segment revenue:						
Sales to external customers (note)	18,132	-	31,271	95,063	-	144,466
Intersegment sales	-	-	-	21,102	(21,102)	-
Income from investments	4,908	11,018	-	-	-	15,926
Other revenue	-	810	267	1,446	(748)	1,775
Total revenue	<u>23,040</u>	<u>11,828</u>	<u>31,538</u>	<u>117,611</u>	<u>(21,850)</u>	<u>162,167</u>
Segment results	6,008	9,496	4,107	6,532		26,143
Interest income						186
Unallocated expenses						(651)
Profit from operating activities						25,678
Finance costs						(3,725)
Share of loss of an associate						(9)
Profit before tax						21,944
Tax						(869)
Profit attributable to equity holders of the Company						<u>21,075</u>

2005	(Unaudited) 6 months ended 30th September 2005					Consolidated HK\$'000 (Restated)
	Trading in equity securities HK\$'000	Investments and others HK\$'000	Manufacture and sales of fur garments HK\$'000	Trading of fur skins HK\$'000	Elimination HK\$'000	
Segment revenue:						
Sales to external customers (note)	-	-	42,265	54,268	-	96,533
Intersegment sales	-	-	-	25,966	(25,966)	-
Income from investments	5,970	4,387	-	-	-	10,357
Other revenue	-	787	588	954	(861)	1,468
Total revenue	<u>5,970</u>	<u>5,174</u>	<u>42,853</u>	<u>81,188</u>	<u>(26,827)</u>	<u>108,358</u>
Segment results	5,970	3,411	6,937	3,298		19,616
Interest income						614
Unallocated expenses						(652)
Profit from operating activities						19,578
Finance costs						(1,198)
Share of loss of an associate						(27)
Profit before tax						18,353
Tax						(1,202)
Profit attributable to equity holders of the Company						<u>17,151</u>

Note: As described in note 1, a separate segment of "Trading in equity securities" was included to better reflect the Group's principal activities for the current period.

(b) Geographical segments:

	(Unaudited) 6 months ended 30th September 2006				
2006	Hong Kong and Mainland China <i>HK\$'000</i>	Japan <i>HK\$'000</i>	North America <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:					
Sales to external customers	114,204	10,635	10,727	8,900	144,466
Segment results	24,145	702	708	588	26,143

	(Unaudited) 6 months ended 30th September 2005				
2005	Hong Kong and Mainland China <i>HK\$'000</i>	Japan <i>HK\$'000</i>	North America <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:					
Sales to external customers	56,123	11,655	19,089	9,666	96,533
Segment results	16,712	838	1,372	694	19,616

3. OTHER INCOME AND GAINS

	6 months ended 30th September	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> (Restated)
Income from investments:		
Interest income from investments in available-for-sale financial assets	8,196	4,013
Dividend income from available-for-sale financial assets	27	37
Dividend income from financial assets at fair value through profit or loss	2,456	1,475
Net realised gain on investments in financial assets at fair value through profit or loss	–	337
Net realised gain on investments in available-for-sale financial assets	2,277	–
Unrealised gain on investments in financial assets at fair value through profit or loss	2,452	4,495
Net realised gain on derivative financial instruments	518	–
	<u>15,926</u>	<u>10,357</u>
Others:		
Gross rental income	210	175
Bank interest income	186	614
Other interest income	111	–
Exchange gain	327	106
Others	1,127	1,187
	<u>1,961</u>	<u>2,082</u>
	<u>17,887</u>	<u>12,439</u>

4. FINANCE COSTS

	6 months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Interest on short term bank loans and overdrafts	3,014	765
Interest on trust receipt loans	711	324
Interest on other loans	–	109
	<u>3,725</u>	<u>1,198</u>

5. PROFIT BEFORE TAX

This is stated after charging the following:

	6 months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Charging		
Cost of inventories sold	109,568	78,645
Cost of equity securities sold	17,032	–
	<u>126,600</u>	<u>78,645</u>
Total cost of sales	126,600	78,645
Depreciation	363	442
Operating lease rentals on lands and buildings	292	313
Staff costs (including directors' remuneration)	6,071	6,366
	<u>6,071</u>	<u>6,366</u>

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit arising in Hong Kong during the period.

The amount of tax charged to the condensed consolidated income statement represents:

	6 months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Hong Kong profits tax	<u>869</u>	<u>1,202</u>

There was no material unprovided deferred tax for the period.

7. PROPOSED INTERIM DIVIDEND

	6 months ended	
	30th September 2006	2005
	HK\$'000	HK\$'000
Interim dividend proposed		
– HK1.3 cents (2005: HK1.2 cents) per ordinary share	7,914	7,306

The Board has resolved to declare an interim dividend of HK1.3 cents (2005: HK1.2 cents) per share payable to all the shareholders whose names appear on the Register of Members of the Company on Friday, 29th December 2006. The interim dividend will be paid on or about Tuesday, 2nd January 2007.

The interim dividend was declared after the balance sheet date and hence was not accrued on that date.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$21,075,000 (2005: HK\$17,151,000). The basic earnings per share is based on the weighted average of 608,796,000 (2005: 608,796,000) ordinary shares in issue during the period.

No dilute earnings per share was presented for the six months ended 30th September 2006 as there were no potential ordinary shares in existences during the period.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th September 2006, the Group acquired furniture, fixtures and motor vehicles with cost of HK\$62,000 (six months ended 30th September 2005: HK\$41,000). Motor vehicles with net book value of HK\$56,000 were disposed of during the six months ended 30th September 2006 (six months ended 30th September 2005: HK\$Nil), resulting in a loss on disposal of approximately HK\$4,000 (six months ended 30th September 2005: HK\$ Nil).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30th September 2006	31st March 2006
	HK\$'000	HK\$'000
At fair value :		
Equity securities listed outside Hong Kong	–	1,650
Debt securities quoted outside Hong Kong	188,641	184,585
	188,641	186,235
Equity securities unlisted outside Hong Kong	7,800	7,800
	196,441	194,035

At the balance sheet date, the above unlisted equity investments are not stated at fair value but at cost less any impairment loss because they do not have a quoted market price in an active market and the fair value cannot be reliably measured.

11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The Group allows an average credit period of 30 to 60 days for its trade debtors. Trade receivables are non-interest-bearing.

An aging analysis of trade receivables at the balance sheet date was as follows:

	(Unaudited) 30th September 2006		(Audited) 31st March 2006	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Current to 30 days	5,173	75	1,136	60
31 days to 60 days	637	9	447	24
Over 60 days	1,134	16	300	16
	<u>6,944</u>	<u>100</u>	<u>1,883</u>	<u>100</u>

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th September 2006	31st March 2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
At fair value :		
Equity securities listed in Hong Kong	<u>125,027</u>	<u>106,178</u>

13. TRADE PAYABLES

An aging analysis of trade payables at the balance sheet date was as follow:

	(Unaudited) 30th September 2006		(Audited) 31st March 2006	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Current to 30 days	341	47	2,928	94
31 days to 60 days	3	0	98	3
Over 60 days	385	53	98	3
	<u>729</u>	<u>100</u>	<u>3,124</u>	<u>100</u>

14. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised		
Ordinary shares of HK\$ 0.1 each		
At 1st April 2006 and 30th September 2006	<u>3,000,000,000</u>	<u>300,000</u>
Issued and fully paid		
At 1st April 2006 and 30th September 2006	<u>608,796,000</u>	<u>60,879</u>

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

15. BANKING FACILITIES/CONTINGENT LIABILITIES

At 30th September 2006, the Group's banking facilities were secured by a corporate guarantee given by the Company, certain listed equity and debt securities, its leasehold properties and investment properties. At 30th September 2006, trust receipt loans and short-term bank loans amounting to HK\$5,090,000 and HK\$121,133,000 respectively (At 31st March 2006: trust receipt loans of HK\$7,727,000, short-term bank loans of HK\$88,066,000) have been utilised by the Group.

16. COMPARATIVE FIGURES

Other revenue and other gains in 2005 have been reclassified as income from investments and others under other income and gains in the Condensed Consolidated Income Statement. Customers' deposits included in other payables and accruals in 2005 Condensed Consolidated Balance Sheet have been separately shown to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

During the first six months, the Group's turnover was HK\$144,466,000 (2005: HK\$96,533,000 (restated)), an increase of 50% compared to the corresponding period last year. The increase in turnover was mainly due to the increase in turnover of the equity securities trading and raw material trading. Profit attributable to shareholders was HK\$21,075,000 (2005: HK\$17,151,000), an increase of 23% compared to the corresponding period last year while basic earnings per share was HK3.46 cents (2005: HK2.82 cents).

Operation Review

The major sources of revenue of the Group for the first half year were investment business and fur business.

Investment business

Trading in Equity Securities

During the period, trading in equity securities was classified as principal activities and the proceeds derived was included in the turnover. For the first half year, the turnover and profit were HK\$18,132,000 and HK\$6,008,000 respectively. No disposal of equity securities was recorded in the corresponding period last year, but the profit from investment in equity securities amounted to HK\$5,970,000 (restated).

Other investments

The Group's other investment for the first half year mainly represented bond investment and satisfactory growth was recorded for the period. Investment profit was HK\$9,496,000, representing a growth of 178% compared to HK\$3,411,000 (restated) in the corresponding period last year.

Fur Business

Fur Skin Trading

The increase in the turnover for the first half year was mainly due to the growth in the fur skin trading business of the Group. During the period, the turnover of fur skin trading was HK\$95,063,000, an increase of 75% compared to HK\$54,268,000 in the corresponding period last year. A profit of HK\$6,532,000 was recorded, representing an increase of 98% compared to HK\$3,298,000 in the corresponding period last year. The growth in turnover was mainly due to the substantial increase in the demand in China driven by the continuous growth of China's economy.

Manufacture and Sales of Fur Garments

The turnover for manufacture and sales of fur garments for the first half year was HK\$31,271,000, a decrease of 26% compared to HK\$42,265,000 in the corresponding period last year. A profit of HK\$4,107,000 was recorded, representing a decrease of 41% compared to HK\$6,937,000 in the corresponding period last year. The decrease in turnover and profit was mainly due to fierce competition in China.

Prospects

Investment business

The management considers that the current interest rate level is vulnerable to fall while the drive for economic growth still maintains. Although the exposure to investment risk increases due to the surge of asset price, the management continues to maintain stable investment. The requisite condition for investment therefore lies on stability, and it is essential for the management to balance the stable and aggressive investment.

With the growth in global economy driven by China's persistent economic growth, the equity securities business of the Group shall focus on worldwide quality enterprises. However, the precedent condition for investment still lies on stability and it is hoped that value will be added to shareholders' funds in long run.

In view of the satisfactory results achieved in investment business for the first half year, the Group will continue to maintain the existing stable investment strategy. We are now proactively conducting research on and identifying stable investment business in China which would bring benefits to the shareholders in long run.

Fur Business

With the booming economy of China, the demand for raw materials also resumes to the growth track. The Group endeavors to expand the fur skin trading business and to provide the quality services to our quality customers and it is expected steady flow of revenue and development will be achieved in the next half year.

The management endeavors to control the costs and increase the efficiency for the fur garments operations in face of fierce competition in China and the strategy undertaken for the year will be the concentration on the development of retail business while increasing its investment on sales. Meanwhile more efforts will be made in the design, marketing, sales and brand name promotion of high quality products with high profit margin. The Group is in process of optimizing its manufacturing operation with a view to reducing the risks of operations and minimizing the costs. The Group will also adopt measures to significantly reduce the expenses and risks for the year. The management considers that it is of prime importance as to the way for bringing long-term benefits to the Group.

It is expected that the business will contribute profit to the Group in the next half year.

Acknowledgement

I would like to take this opportunity to express my sincere appreciation of the support from our customers, suppliers and shareholders. I would also thank my fellow directors for their valuable contribution and all the staff members of the Group for their hard and dedicated work.

Liquidity and Financial Resources

The Group generally derives cash for operation from internal cash flow and facilities from Hong Kong banks. As at 30th September 2006, the Group has cash and cash equivalents of approximately HK\$31,197,000 (31st March 2006: HK\$24,537,000). As at 30th September 2006, the Group's bank borrowings amounting to HK\$126,223,000 (31st March 2006: bank borrowings of HK\$95,836,000). The borrowings were on short term basis to fund the Group's working capital requirements. As at 30th September 2006, the shareholders' funds amounted to HK\$292,402,000 (31st March 2006: HK\$280,349,000). Accordingly, the gearing ratio is 43% (31st March 2006: 34%).

Foreign Exchange Exposure

The Group's trading businesses are mainly conducted in United States dollars and Renminbi, with minimal exposure to fluctuations in foreign exchanges.

Employees

As at 30th September 2006, the Group employed around 20 employees in Hong Kong and approximately 180 employees in the Mainland. The Group's remuneration policies are based primarily on the prevailing market wages and the performance of individual employees. Fringe benefits, including provident fund, Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

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

As at 30th September 2006, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register kept by the Company pursuant to 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 Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(a) Long positions in ordinary shares of HK\$0.1 each of the Company

Name of director	Notes	Capacity	Number of ordinary shares held		Percentage of the issued share capital
			Personal interests	Corporate interests	
Mr. Ng Ngan Lung, Freddy	1	Beneficial owner	Nil	360,000,000	59.13%
	2	Beneficial owner	Nil	50,580,000	8.31%
		Beneficial owner	21,470,000	Nil	3.53%
Ms. Chui May Ling, Margaret		Beneficial owner	270,000	Nil	0.04%

Notes:

- 360,000,000 shares are owned by Rising Global Asset Limited, a company incorporated in the British Virgin Islands. Its entire issued share capital is owned by Mr. Ng Ngan Lung, Freddy.
- 50,580,000 shares are owned by Silver Sound Assets Limited, a company incorporated in the British Virgin Islands. Its entire issued share capital is owned by Mr. Ng Ngan Lung, Freddy.

(b) Long positions in underlying shares – share options

Details of the interests of directors and chief executive in share options of the Company are disclosed under the section "Share Option Scheme" in this report.

Saved as disclosed above, none of the directors and chief executive had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures " above and "Share option scheme" below, at no time during the period or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares in or debentures in the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding 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 Share Option Scheme (the "Scheme") adopted on 9th October 1997 was terminated at the annual general meeting of the Company held on 30th July 2004. A new share option scheme which complied with the amended Chapter 17 of the Listing Rules was adopted at the same annual general meeting held on 30th July 2004. No share option has been granted by the Company under the new share option scheme.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the period.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th September 2006, according to the register of interest in shares and short positions required to be kept by the Company under section 336 of the SFO, the Company has been notified that the following shareholder were interest in 5% or more of the share capital of the Company:

Name	<i>Note</i>	Number of shares held	Percentage of holding
Rising Global Asset Limited	1	360,000,000	59.13%
Silver Sound Assets Limited	2	50,580,000	8.31%

Notes:

1. The entire issued share capital of Rising Global Asset Limited is held and beneficially owned by Mr. Ng Ngan Lung, Freddy.
2. The entire issued share capital of Silver Sound Assets Limited is held and beneficially owned by Mr. Ng Ngan Lung, Freddy.

Save as disclosed above, no person, other than the directors and chief executive of the Company, whose interests are set out in the section “Directors’ and chief executive’s interest and short positions in shares, underlying shares and debentures” above, had registered an interest and short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 27th December 2006 to Friday, 29th December 2006 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Branch Registrar in Hong Kong, Tengis Limited at 26/F., Tesbury Center, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 22nd December 2006.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the “Code on CGP”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on Stock Exchange as its own code on corporate governance practices. During the period, the Company complied with all the Code on CGP.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

REMUNERATION COMMITTEE

The Remuneration Committee has been established by the Company in accordance with the requirements of the Code on CGP.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of directors and management, including the policy of granting of share options to employees under the Company's share option scheme. No director or any of his/her associates may be involved in any decisions as to his/her own remuneration.

The Remuneration Committee currently comprises four members, one executive director and three independent non-executive directors.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed interim consolidated financial statements for the six months ended 30th September 2006.

The primary duties of the Audit Committee include review of the effectiveness of financial reporting processes and internal control systems of the Group, review of the Group's financial information and compliance, making recommendation to the Board on the appointment and removal of external auditors and assessing their independence and performance.

The audit committee comprises three independent non-executive directors of the Company.

ON BEHALF OF THE BOARD
Ng Ngan Lung, Freddy
Chief Executive Officer

Hong Kong, 12th December 2006

As at the date of this report, the executive Directors are Mr. Ng Ngan Lung, Freddy, Mr. Mui Chi Hung, Clarence and Ms. Chui May Ling, Margaret and the independent non-executive Directors are Ms. Ho Man Kay, Angela, Mr. Chan Wing Yuen, Hubert and Mr. Fan Sai Yee.