

Interim Report 2006

For the six months ended 30th September, 2006



Yeebo (International Holdings) Limited

(Incorporated in Bermuda with limited liability)

Stock code : 259

The Board of Directors of Yeebo (International Holdings) Limited (the “Company”) has pleasure in presenting the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2006 which have been reviewed by the Company’s audit committee and the auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2006

	Notes	Six months ended	
		30.9.2006 (Unaudited) HK\$'000	30.9.2005 (Unaudited) HK\$'000
Revenue	3	232,276	203,228
Cost of sales		(193,640)	(173,869)
Gross profit		38,636	29,359
Other income		10,269	5,409
Fair value changes on investments held for trading		1,456	16,002
Gain on disposal of available-for-sale investments		1,579	–
Fair value changes on derivative financial instruments		–	7,839
Selling and distribution expenses		(15,933)	(10,782)
Administrative expenses		(18,927)	(12,226)
Share of losses of associates		(3,187)	(2,443)
Share of profit of jointly controlled entities		10,591	–
Finance costs		(993)	(1,186)
Profit before income tax		23,491	31,972
Income tax expense	4	(1,836)	(1,431)
Profit for the period	5	21,655	30,541
Attributable to:			
Equity holders of the Company		21,286	30,541
Minority interest		369	–
		21,655	30,541
Dividend	6	10,436	15,653
Earnings per share			
Basic	7	HK2.04 cents	HK2.93 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th September, 2006

	Notes	30.9.2006 (Unaudited) HK\$'000	31.3.2006 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	8	160,589	166,675
Deposits for acquisition of plant and equipment		1,551	372
Investment in associates		26,687	29,403
Investment in jointly controlled entities		123,580	109,858
Available-for-sale investments		19,225	117,890
Intangible assets		1,459	1,459
		333,091	425,657
Current assets			
Inventories		72,761	68,962
Trade and other receivables	9	109,593	95,933
Bills receivable	9	–	867
Investments held for trading		–	80,670
Amount due from an associate	10	16,796	9,133
Amount due from jointly controlled entities	10	387	–
Time deposits with maturity over three months		151,927	–
Bank balances and cash		225,167	124,769
		576,631	380,334
Current liabilities			
Trade and other payables	11	105,018	82,516
Bills payable	11	3,725	4,917
Amount due to an associate	10	2,770	2,991
Bank borrowing – due within one year	12	9,000	9,000
Deferred consideration on acquisition of jointly controlled entities	13	38,087	57,504
Tax payable		1,878	927
Dividend payable		10,436	–
		170,914	157,855
Net current assets		405,717	222,479
Total assets less current liabilities		738,808	648,136
Non-current liabilities			
Bank borrowing – due after one year	12	18,000	22,500
Deferred tax liabilities		188	188
		18,188	22,688
		720,620	625,448
Capital and reserves			
Share capital	14	208,713	208,713
Reserves		393,158	416,735
Equity attributable to equity holders of the Company		601,871	625,448
Minority interest		118,749	–
Total equity		720,620	625,448

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30th September, 2006*

	Attribute to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Minority interest HK\$'000	Equity total HK\$'000
At 1st April, 2005	208,713	147,303	2,125	1,347	(277)	(61)	216,444	575,594	-	575,594
Gain on available-for-sale investments	-	-	-	-	11,818	-	-	11,818	-	11,818
Share of change in equity of associates	-	-	-	-	-	312	-	312	-	312
Net income directly recognised in equity	-	-	-	-	11,818	312	-	12,130	-	12,130
Profit for the period	-	-	-	-	-	-	30,541	30,541	-	30,541
Total recognised income and expense for the period	-	-	-	-	11,818	312	30,541	42,671	-	42,671
Dividend paid	-	-	-	-	-	-	(15,653)	(15,653)	-	(15,653)
At 30th September, 2005	208,713	147,303	2,125	1,347	11,541	251	231,332	602,612	-	602,612
At 1st April, 2006	208,713	147,303	2,125	1,347	28,233	750	236,977	625,448	-	625,448
Losses on available-for-sale investments	-	-	-	-	(39,620)	-	-	(39,620)	-	(39,620)
Share of change in equity of associates	-	-	-	-	-	471	-	471	-	471
Share of change in equity of jointly controlled entities	-	-	-	-	-	3,131	-	3,131	-	3,131
Exchange differences arising on translation of foreign operations	-	-	-	-	-	3,170	-	3,170	1,905	5,075
Net income (expense) recognised directly in equity	-	-	-	-	(39,620)	6,772	-	(32,848)	1,905	(30,943)
Transfer to profit or loss on sales of available-for-sale investments	-	-	-	-	(1,579)	-	-	(1,579)	-	(1,579)
Profit for the period	-	-	-	-	-	-	21,286	21,286	369	21,655
Total recognised income and expense for the period	-	-	-	-	(41,199)	6,772	21,286	(13,141)	2,274	(10,867)
Contribution by minority interest	-	-	-	-	-	-	-	-	116,475	116,475
Dividend	-	-	-	-	-	-	(10,436)	(10,436)	-	(10,436)
At 30th September, 2006	208,713	147,303	2,125	1,347	(12,966)	7,522	247,827	601,871	118,749	720,620

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30th September, 2006*

	Six months ended	
	30.9.2006	30.9.2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	115,732	2,858
Net cash used in investing activities		
– Proceeds on disposals of available-for-sale investments	59,045	–
– Increase in time deposits with maturity over three months	(151,927)	–
– Investment in jointly controlled entities	(19,417)	–
– Advance to an associate	(7,663)	–
– Purchase of available-for-sale investments	–	(119,584)
– Others	(9,250)	(4,845)
	(129,212)	(124,429)
Net cash generated from financing activities		
– Capital contribution by a minority shareholder	116,475	–
– Others	(2,597)	18,926
	113,878	18,926
Net increase (decrease) in cash and cash equivalents	100,398	(102,645)
Cash and cash equivalents at beginning of the period	124,769	169,686
Cash and cash equivalents at end of the period, represented by bank balances and cash	225,167	67,041

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2006

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2006.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA which are effective for accounting periods beginning on or after 1st December, 2005, 1st January, 2006 or 1st March, 2006. The adoption of the new HKFRSs has no material effect on how the Group’s results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) - Int 8	Scope of HKFRS 2 ²
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives ³
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment ⁴

¹ Effective for annual periods beginning on or after 1st January, 2007.

² Effective for annual periods beginning on or after 1st May, 2006.

³ Effective for annual periods beginning on or after 1st June, 2006.

⁴ Effective for annual periods beginning on or after 1st November, 2006.

3. BUSINESS SEGMENTS

The Group's primary format for reporting segment information is business segment.

Six months ended 30th September, 2006 (Unaudited):

	Liquid Crystal Display HK\$'000	Liquid Crystal Module HK\$'000	Unallocated HK\$'000	Total HK\$'000
Revenue				
External sales	172,003	43,923	16,350	232,276
Result				
Segment result	11,295	(737)	3,722	14,280
Dividend income				976
Interest income				5,551
Fair value changes on investments held for trading				1,456
Gain on disposal of available-for-sale investments				1,579
Unallocated overheads				(6,762)
Finance costs				(993)
Share of losses of associates				(3,187)
Share of profit of jointly controlled entities				10,591
Profit before income tax				23,491
Income tax expense				(1,836)
Profit for the period				21,655

3. BUSINESS SEGMENTS (continued)

Six months ended 30th September, 2005 (Unaudited):

	Liquid Crystal Display HK\$'000	Liquid Crystal Module HK\$'000	Investment Property Holding HK\$'000	Unallocated HK\$'000	Total HK\$'000
Revenue					
External sales	173,549	20,710	–	8,921	203,180
Rental income	–	–	48	–	48
	<u>173,549</u>	<u>20,710</u>	<u>48</u>	<u>8,921</u>	<u>203,228</u>
Result					
Segment result	12,023	(2,143)	45	1,047	10,972
Dividend income					2,167
Interest income					1,796
Fair value changes on investments held for trading					16,002
Fair value changes on derivative financial instruments					7,839
Unallocated overheads					(3,175)
Finance costs					(1,186)
Share of loss of associates					(2,443)
Profit before income tax					31,972
Income tax expense					(1,431)
Profit for the period					<u>30,541</u>

4. INCOME TAX EXPENSE

	Six months ended	
	30.9.2006 (Unaudited) HK\$'000	30.9.2005 (Unaudited) HK\$'000

The tax charge comprises:

Hong Kong Profits Tax	–	1,431
Other jurisdictions	1,836	–
	<u>1,836</u>	<u>1,431</u>

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the period ended 30th September, 2005.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit arising in Hong Kong for the six months ended 30th September, 2006.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended	
	30.9.2006	30.9.2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	17,541	16,269
Dividend income	(976)	(2,167)
Interest income	(5,551)	(1,796)
Loss (gain) on disposal of property, plant and equipment	37	(170)
Share of tax of jointly controlled entities (included in share of profit of jointly controlled entities)	149	–

6. DIVIDEND

	Six months ended	
	30.9.2006	30.9.2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend for 2005/06 – HK1 cent per share (2004/05: HK1.5 cents per share)	10,436	15,653

The final dividend for the year ended 31st March, 2006 of HK1 cent per share was paid subsequent to the six months ended 30th September, 2006. The directors do not recommend the payment of an interim dividend.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Six months ended	
	30.9.2006	30.9.2005
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share (HK\$'000)	21,286	30,541
Number of ordinary shares for the purpose of basic earnings per share	1,043,563,171	1,043,563,171

No diluted earnings per share has been presented for both periods as there are no potential ordinary shares in issue.

8. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group incurred approximately HK\$11,493,000 on the additions to the property, plant and equipment to expand its operations.

9. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

The Group allows a credit period of 30-120 days to its trade customers.

The following is an aged analysis of trade receivables and bills receivable at the reporting date:

	30.9.2006 (Unaudited) <i>HK\$'000</i>	31.3.2006 (Audited) <i>HK\$'000</i>
Up to 30 days	82,764	67,703
31 – 60 days	8,846	7,015
61 – 90 days	2,466	5,362
91 – 120 days	2,721	3,168
Over 120 days	4,636	8,190
	101,433	91,438
Other receivables	8,160	5,362
	109,593	96,800

10. AMOUNTS DUE FROM (TO) ASSOCIATES/JOINTLY CONTROLLED ENTITIES

At 30th September, 2006, the amount due from an associate is unsecured, interest-free and repayable on demand. At 31st March, 2006, the amount due from an associate is unsecured, interest bearing at the People's Bank of China three-month lending rate per annum in the People's Republic of China and repayable within twelve months from the balance sheet date. Effective interest rate of the amount due from an associate for the six months ended 30th September, 2006 is 6.05% (31st March, 2006: 5.76%). The amount due to an associate is unsecured, interest-free and repayable on demand.

The amounts due from jointly controlled entities are unsecured, interest-free and repayable on demand.

11. TRADE AND OTHER PAYABLES/BILLS PAYABLE

The following is an aged analysis of trade payables and bills payable at the reporting date:

	30.9.2006 (Unaudited) <i>HK\$'000</i>	31.3.2006 (Audited) <i>HK\$'000</i>
Up to 30 days	25,889	14,969
31 – 60 days	19,147	9,360
61 – 90 days	11,301	6,924
91 – 120 days	5,582	2,664
Over 120 days	10,757	5,948
	72,676	39,865
Other payables	36,067	47,568
	108,743	87,433

12. BANK BORROWING

During the period, the Group repaid part of a bank loan amounted to HK\$4,500,000.

13. DEFERRED CONSIDERATION OF ACQUISITION OF JOINTLY CONTROLLED ENTITIES

During the period, the Group further injected RMB20,000,000 (HK\$19,417,000) into the jointly controlled entities.

The Group expects the outstanding consideration of RMB40,000,000 would be fully settled before 31st March, 2007.

14. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.20 each		
Issued and fully paid		
At 31 March 2006 and 30 September 2006	1,043,563,171	208,713

15. RELATED PARTY TRANSACTIONS

During the period, the Group had the following related party transactions:

		Six months ended	
Nature of transactions		30.9.2006 (Unaudited) HK\$'000	30.9.2005 (Unaudited) HK\$'000
An associate	Accountancy service income	180	180
	Interest income	412	–
Directors	Remuneration	1,547	1,397

Details of balances with related parties as at balance sheet date are set out in the balance sheet and note 10 to the condensed consolidated financial statements.

16. CAPITAL COMMITMENTS

	30.9.2006 (Unaudited) HK\$'000	31.3.2006 (Audited) HK\$'000
Capital expenditure in respect of acquisition of plant and machinery contracted for but not provided in the financial statements	50,507	8,311
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	271,472	–

17. INCORPORATION OF A SUBSIDIARY

During the period, the Group incorporated a new subsidiary, namely Kunshan Visionox Display Company Limited (“Kunshan Visionox”) for a total investment cost of RMB190,000,000 or HK\$184,416,000. Paid-up capital of Kunshan Visionox at 30th September, 2006 is RMB310,000,000 or HK\$300,891,000. Minority interest of Kunshan Visionox has contributed RMB120,000,000 or HK\$116,475,000 into the subsidiary over the period.



**INDEPENDENT INTERIM REVIEW REPORT
TO THE BOARD OF DIRECTORS OF YEEBO (INTERNATIONAL HOLDINGS) LIMITED**
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 1 to 10.

DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th September, 2006.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15th December, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations and Prospect

The Group recorded a turnover of HK\$232 million for the six months period ended 30th September, 2006 (2005: HK\$203 million), representing an increase of HK\$29 million or 14%. The LCM sales uplifted by 112% to HK\$44 million. Geographically LCM sales exhibited a strong growth in various regions. The LCD sales dropped slightly by 1% to HK\$172 million in the current period. It was partly caused by the tightening of credit control and partly by the Group's strategy to focus more in the medium to high value sector such as the instrument and audio sector which brings a higher profit margin. Combined with higher production efficiency generated by the consolidation of the two LCD factories into one, the gross profit ratio increased from 14% to 17%.

The Group reported a profit before taxation of HK\$23 million for the period (2005: HK\$32 million) of which HK\$3 million (2005: HK\$24 million) was contributed by realized and unrealized gain on investment in financial instruments.

During the period, the Group acquired a further 10% interest of the paid-up capital of Nantong Jianghai Capacitor Co. Ltd. ("Nantong Jianghai") for a cash consideration of RMB60 million and thus increased our equity interest of Nantong Jianghai from 40% to 50%. Nantong Jianghai's business performance fared favourably and the Group's share of its profit for the period amounted to HK\$11 million.

On 7th March, 2006, the Group entered into a joint venture agreement for the setting up of Kunshan Visionox Display Company Limited ("Kunshan Visionox") for a total investment cost of RMB190,000,000. Kunshan Visionox is engaged in the development, manufacturing and marketing of OLED products. The investment was made in April 2006 through internal resources, which includes the realization of the Group's investments held for trading and available-for-sale investments. Details of the investment in Kunshan Visionox was included in a circular to the shareholders of the Company dated 18th April, 2006. Kunshan Visionox is accounted for as a subsidiary, the results of which have been consolidated in the Group's accounts. During the period under review, the market dynamics of OLED changed dramatically. As a result, the Kunshan Visionox management decided to realign capital expenditure schedule to cope with the market change. Nevertheless, Kunshan Visionox is still fully committed to the development of OLED business.

On the other hand, the investment in Ascalade Communication Inc. (“Ascalade”), a listed company in the Toronto Stock Exchange, was undermined by the falling of the share price below its IPO price. In September 2006, Ascalade revised downward its guidance of year-over-year sales growth and basic earnings per share primarily because of the softness in forward orders estimated to be received for its cordless DECT phones, a segment which had been impacted by intense industry competition and price cutting. The change also reflected a slower-than-expected order ramp up for VoIP products from its largest customer. The diminution in the fair value of the investment in Ascalade was represented by a reduction of investment reserve by HK\$40 million. The Group consider that the share price fluctuation of Ascalade is temporary and will continue to hold the investment for long term purpose.

Looking forward the Group would encounter a challenging second half year. Historically, the sales in the second half of the year is relatively lower than that in the first half of the year. The Group has taken necessary measures to combat the situation including expanding the product range to minimize the seasonal impact by selling TFT products and self-manufactured ITO glass.

Liquidity and Financial Resources

As at 30th September, 2006, the Group’s current ratio, as a ratio of current assets to current liabilities, was 3.4 times (31st March, 2006: 2.4 times). The gearing ratio, as a ratio of bank borrowings to total equity, was 4% (31st March, 2006: 5%).

As at 30th September, 2006, the Group had total assets of HK\$910 million which were financed by liabilities of HK\$189 million and shareholders’ equity of HK\$721 million.

As of balance sheet date, the Group had banking facilities amounted to HK\$247 million of which HK\$7 million were utilized for bills payable and letters of credit and HK\$27 million for unsecured bank loan.

The debt profile of the Group as at 31st March 2006 was at follows:

	30th September, 2006 <i>HK\$'000</i>	31st March, 2006 <i>HK\$'000</i>
Repayable within one year	9,000	9,000
Repayable after one year but within two years	9,000	9,000
Repayable after two years but within three years	9,000	9,000
Repayable after three years but within four years	–	4,500
	27,000	31,500

The Group's borrowings were primarily denominated in HK dollars with interest charging on floating-rate basis.

The Group did not have any material exposure to fluctuation in exchange rates.

Employment and Remuneration Policy

The remuneration package for the Group's employees is structured by reference to market terms and industry's practice. Discretionary bonus and other performance reward are based on the financial performance of the Group and the performance of individual staff. Staff benefit plans maintained by the Group include mandatory and voluntary provident fund scheme and medical insurance.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

Shares

At 30th September, 2006, the interests and short positions of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained 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 Issuers (the "Model Code") were as follows:

Long position in the share of the Company

	Number of shares and nature of interests			Percentage of Company's Total Issued Capital
	Personal Interests	Through Controlled Corporations		
Mr. Fang Hung, Kenneth <i>(Note)</i>	20,130,000	697,692,368	717,822,368	68.79%
Mr. Li Kwok Wai, Frankie <i>(Note)</i>	28,180,013	697,692,368	725,872,381	69.56%

Note: Antrix Investment Limited owns 697,692,368 shares of the Company. Mr. Fang Hung, Kenneth and Mr. Li Kwok Wai, Frankie beneficially owns 51% and 49%, respectively, of the issued share capital of Antrix Investment Limited.

Save as disclosed above, as at 30th September, 2006, none of the directors, the chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2006, the following interests and short position of 5% or more in the shares and underlying shares of the Company were recorded in register maintained by the Company pursuant to Section 336 of the SFO.

	Capacity and nature of interest	Number of Shares held	% of the Company's issued share capital
Antrix Investment Limited (<i>Note</i>)	Directly beneficially owned	697,692,368	66.86%
Esca Investment Limited (<i>Note</i>)	Indirectly beneficially owned	697,692,368	66.86%
Megastar Venture Limited (<i>Note</i>)	Indirectly beneficially owned	697,692,368	66.86%
Liu Chong Hing Bank Limited	Directly beneficially owned	57,600,000	5.52%

Note: Antrix Investment Limited is held as to 51% by Esca Investment Limited (a company wholly owned by Mr. Fang Hung, Kenneth) and 49% by Megastar Venture Limited (a company wholly owned by Mr. Li Kwok Wai, Frankie). The Shares held by Esca Investment Limited and Megastar Venture Limited represent the same interest held by Antrix Investment Limited, which have also been disclosed as an interest of Mr. Fang Hung, Kenneth and Mr. Li Kwok Wai, Frankie under the section "Directors' and Chief Executive's Disclosure of Interests".

Save as disclosed above, as at 30th September, 2006, the Company was not notified by any persons who had interests or short positions of 5% or more in the shares and underlying shares of the Company which is required to be recorded under Section 336 of the SFO.

CONTINGENT LIABILITIES AND CHARGES OF ASSETS

As at 30th September 2006, the Group did not have any significant contingent liabilities and there were no significant charges or pledges on any of the Group's assets.

CORPORATE GOVERNANCE

The Directors believe that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained. Throughout the period ended 30 September 2006, the Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices listed out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

COMPLIANCE WITH MODEL CODE FOR 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. Having made specific enquiries of all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30th September, 2006.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of securities of the Company or by any of its subsidiaries during the six months ended 30th September, 2006.

AUDIT COMMITTEE

The Audit Committee comprises all of the three independent non-executive directors, namely The Hon, Tien Pei Chun, James, GBS, JP, Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 30th September, 2006.

By order of the Board
Kevin Lau
Company Secretary

Hong Kong, 15th December, 2006