

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The directors have declared an Interim Dividend of 3.0 HK cents per share for the six months ended 31st March 2006 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on 12th July 2006. The Register of Members will be closed from 10th July 2006 to 12th July 2006, both days inclusive, during which period no transfer of shares will be registered. To qualify for the Interim Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Standard Registrars Limited whose share registration public offices are located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 7th July 2006. The relevant dividend warrants will be dispatched to shareholders on 21st July 2006.

LIQUIDITY AND FINANCIAL RESOURCES

At 31st March 2006, the Group had net current assets of approximately HK\$31 million (30th September 2005: HK\$40 million).

The Group generally finances its operation with internally generated resources. As at 31st March 2006, the Group had cash reserves of approximately HK\$85 million (30th September 2005: HK\$86 million).

As at 31st March 2006, the Group has a bank loan of approximately HK\$10 million (30th September 2005: HK\$17 million). This bank loan was used to finance the purchase of certain investment properties which in turn are pledged as security for such loan.

The Group's gearing ratio, expressed as a percentage of the bank loan over the shareholders' fund of approximately HK\$153 million (30th September 2005: HK\$157 million), is approximately 6% (30th September 2005: 11%).

The Group has little exposure to foreign currency fluctuations as most of its assets, receipts and payments are principally denominated in the functional currency of the relevant territory and US dollars. As at 31st March 2006, all of the Group's bank borrowings were in Hong Kong dollars. The Group's bank borrowings were on floating rate basis at short-term inter-bank offer rates. The Group will continue to monitor its foreign exchange position and if necessary will hedge its foreign exchange exposure by entering forward foreign exchange contracts.

HUMAN RESOURCES

As at 31st March 2006, the Group employed 1,091 staff (30th September 2005: 1,030). The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options will also grant to eligible staff based on individual and Group performance. Other employee benefits include provident fund, insurance and medical cover, educational allowances and training programs. Options to subscribe for a maximum of approximately 26 million shares in the Company in aggregate had been granted to certain directors and employees pursuant to the Company's share option scheme. Exercise prices of which ranges from HK\$0.42 to HK\$1.67.

The Group is committed to nurturing a learning culture in the organization. Heavy emphasis is placed on training and development, as the Group's success is dependent on the effort of a skilled and motivated work force.

AUDIT COMMITTEE

The Company's audit committee comprises Dr. Wong Lung Tak, Patrick, J.P., Mr. Wong Chun Nam and Dr. Wong Chi Keung who are the independent non-executive directors of the Company. In establishing the terms of reference for this committee, the directors had made reference to the "Guide for the formation of an audit committee" issued by the HKICPA in December 1997.

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and the unaudited consolidated results of the Group for the six months period ended 31st March 2006 with management. Prior to the review work carried out by the independent auditors, the audit committee had discussed with the independent auditors the scope of their review and subsequently the results of their review including matters on statutory compliance, internal control and financial reporting in respect of the Interim Financial Statements.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March 2006, the interests or short positions of the directors and chief executive of the Company in the shares or underlying shares or, as the case may be, the percentage in the equity interest and debentures of the Company or its associated corporations (within the meaning of the Securities and Futures Ordinance (Chapter 571) (the "SFO")), which 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 have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the shares of the Company and its associated corporations

Name of director	The Company/ name of associated corporation	Capacity	Number and class of shares				Total	Percentage of issued share capital
			Personal interests	Corporate interests	Family interests	Other interests		
Yu Lai Si	The Company	Beneficial owner	80,666,880 ordinary	-	-	-	80,666,880 ordinary	23.6%
	Water Oasis Company Limited	Beneficial owner	330,000 non-voting deferred	-	-	-	330,000 non-voting deferred	-
Tam Chie Sang	The Company	Interest of spouse and interest of a controlled corporation	-	-	900,000 ordinary ⁽²⁾	77,666,880 ordinary ⁽¹⁾	78,566,880 ordinary	23.0%
	Water Oasis Company Limited	Beneficial owner and interest of spouse	165,000 non-voting deferred	-	165,000 non-voting deferred ⁽²⁾	-	330,000 non-voting deferred	-
Yu Lai Chu, Eileen	The Company	Beneficial owner and interest of a controlled corporation	900,000 ordinary	-	-	77,666,880 ordinary ⁽¹⁾	78,566,880 ordinary	23.0%
	Water Oasis Company Limited	Beneficial owner and interest of spouse	165,000 non-voting deferred	-	165,000 non-voting deferred ⁽³⁾	-	330,000 non-voting deferred	-

Notes:

- (1) These shares are registered in the name of Zinna Group Limited. All voting rights over Zinna Group Limited are held by Royalion Worldwide Limited, which is wholly owned by Hitchin Trading Limited as trustee of Hitchin Unit Trust which in turn is ultimately held by Trident Trust Company (Cayman) Limited, which forms part of the discretionary trust set up by Tam Chie Sang and Yu Lai Chu, Eileen. Trident Trust Company (Cayman) Limited is the trustee of the discretionary trust, the beneficiaries of which are the family members of Tam Chie Sang and Yu Lai Chu, Eileen.
- (2) These shares are registered in the name of Yu Lai Chu, Eileen, the wife of Tam Chie Sang.
- (3) These shares are registered in the name of Tam Chie Sang, the husband of Yu Lai Chu, Eileen.

Other than aforesaid and as disclosed under the section headed "SHARE OPTIONS" below, there were no long positions in the underlying shares and debentures or any short positions in the shares, underlying shares and debentures of the Company and its associated corporations, which were recorded in the register as required to be kept under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

As at 31st March 2006, save as disclosed therein, none of the directors, chief executives or any of their associates had any interests or short positions, whether beneficial or non-beneficial, in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.