FAR EAST TECHNOLOGY INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)
Website: http://www.fet.com.hk
(Stock Code: 36)

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2005

RESULTS

The board of directors (the "Board") of Far East Technology International Limited (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2005 together with the comparative figures for the corresponding period in 2004 are set out as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December, 2005

		Continuing operations		Discontinued operation		Total	
	Notes	2005 HK$	2004 HK$	2005 HK$	2004 HK$	2005 HK$	2004 HK$ (restated)
Turnover	3	68,897,893	73,322,591	–	71,930	68,897,893	73,394,521
Cost of sales		(64,643,749)	(65,431,140)	–	(145,507)	(64,643,749)	(65,576,647)
Gross profit (loss)		4,254,144	7,891,451	–	(73,577)	4,254,144	7,817,874
Other income		1,042,378	4,947,247	–	53,194	1,042,378	5,000,441
Distribution costs		(651,995)	(460,238)	–	–	(651,995)	(460,238)
Administrative expenses		15,568,893	(6,110,718)	–	(47,975)	(15,568,983)	(6,158,693)
Finance costs		(359,669)	(1,653,146)	–	–	(359,669)	(1,653,146)
Other expenses		(780,205)	(191,394)	–	–	(780,205)	(191,394)
Increase in fair value of held-for-trading investments		2,038,747	–	–	–	2,038,747	–
Unrealised holding gain on listed other investments		–	4,545,221	–	–	–	4,545,221
Loss on disposal of available-for-sale investments		(31,278)	–	–	–	(31,278)	–
Gain on disposal of listed investment securities		–	3,089,802	–	–	–	3,089,802
Impairment loss on investment securities reversed		–	1,843,838	–	–	–	1,843,838
Impairment loss on property, plant and equipment		–	(3,185,376)	–	–	–	(3,185,376)
Increase in fair value of investment properties		3,400,000	4,050,000	–	–	3,400,000	4,050,000
Gain on disposal of investment properties		–	2,376,620	–	–	–	2,376,620
(Loss) gain on disposal of subsidiaries and discontinued operation		–	(3,213,856)	–	31,065,182	–	27,851,326
Gain on disposal of an associate		2,872,542	–	–	–	2,872,542	–
Gain on deemed disposal of an associate		11,320,610	7,663,747	–	–	11,320,610	7,663,747
Share of results of associates		9,332,317	8,057,608	–	–	9,332,317	8,057,608
Share of results of a jointly controlled entity		(1,215,879)	(4,269,793)	–	–	(1,215,879)	(4,269,793)
Profit before taxation	4	15,652,729	25,381,013	–	30,996,824	15,652,729	56,377,837
Taxation	5	(659,254)	(526,169)	–	–	(659,254)	(526,169)
Profit for the year		14,993,475	24,854,844	–	30,996,824	14,993,475	55,851,668
Attributable to:							
Equity holders of the Company						14,907,576	54,808,973
Minority interests						85,899	1,042,695
						14,993,475	55,851,668
Dividend	7					–	–
Earnings per share – Basic	6						
– from continuing and discontinued operation						22.2 cents	82.8 cents
– from continuing operation						22.2 cents	36.0 cents

CONSOLIDATED BALANCE SHEET
As at 31st December, 2005

	Notes	2005 HK$	2004 HK$ (restated)
NON-CURRENT ASSETS			
Investment properties		36,040,000	32,640,000
Property, plant and equipment		14,744,934	16,685,145
Prepaid lease payments		3,466,534	3,670,713
Interests in associates		64,138,770	46,750,062
Interest in a jointly controlled entity		1,583,310	2,799,189
Investments in securities		–	8,179,693
Available-for-sale investments		8,567,359	–
		128,540,907	110,724,802
CURRENT ASSETS			
Prepaid lease payments		204,179	204,179
Other investments		–	20,845,373
Held-for-trading investments		33,374,424	–
Inventories		6,493,160	5,275,451
Trade and other receivables	9	15,245,020	14,342,234
Amount due from an associate		661,733	685,529
Amount due from a minority shareholder		5,551,241	6,193,745
Tax prepaid		20,650	–
Pledged bank deposits		4,851,380	5,216,006
Bank balances and cash		41,628,343	14,466,764
		108,030,130	67,229,281
CURRENT LIABILITIES			
Trade and other payables	10	26,066,873	25,613,688
Amounts due to directors		3,688,421	5,752,598
Amounts due to related companies		1,557,088	1,557,088
Amount due to a minority shareholder		1,312,035	982,870
Amount due to a jointly controlled entity		507,550	507,550
Tax payable		–	6,690
Bank and other loans		15,272,939	6,531,658
Obligations under a finance lease – due within one year		101,727	–
		48,506,633	40,952,142
NET CURRENT ASSETS		59,523,497	26,277,139
		188,064,404	137,001,941
CAPITAL AND RESERVES			
Share capital		995,007	331,668,905
Reserves		170,218,953	(211,219,860)
Equity attributable to equity holders of the Company		171,213,960	120,449,045
Minority Interests		15,772,931	16,328,993
		186,986,891	136,778,038
NON-CURRENT LIABILITIES			
Obligations under a finance lease – due after one year		374,907	–
Deferred taxation		702,606	223,903
		1,077,513	223,903
		188,064,404	137,001,941

Notes:

1. **Basis of Preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values.

2. **Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies**

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKFRSs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates/jointly controlled entities have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and prior accounting years are prepared and presented:

Share-based payments

In the current year, the Company and an associate have applied HKFRS 2 Share-based payments which requires and expense to be recognised where the Company and an associate buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"). The principal impact of HKFRS 2 on the Company and an associate are in relation to the expensing of the fair value of share options granted to directors and employees of the Company and an associate, and the determined at the date of grant of the share options. Prior to the application of HKFRS 2, the Company did not recognise the financial effect of these share options until they were exercised. The Company and an associate have applied HKFRS 2 to share options granted on or after 1st January, 2005. In relation to share options granted before 1st January, 2005, the Company and an associate choose not to apply HKFRS 2 with respect to share options granted on or before 7th November, 2002 and vested before 1st January, 2005. However, the Company and an associate are still required to apply HKFRS 2 retrospectively to share options that were granted after 7th November, 2002 and had not yet vested on 1st January, 2005. Comparative figures have been restated (see Note 2A for the financial impact).

Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 *Leases*. Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively and comparative figures for 2004 have been restated (see Note 2A for the financial impact). Alternatively, where the allocation between the land and buildings elements cannot made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

Leasehold Land Held for Undetermined Future Use

Previously, leasehold land held for an undetermined future use was carried at cost less impairment. Under HKAS 17, such leasehold land is classified as a prepaid lease payment under an operating lease, carried at cost and amortised on a straight-line basis over the lease term, In the absence of any specific transitional provisions in HKAS 17, such change in accounting policy has been applied retrospectively. Comparative figures for 2004 have been adjusted in order to reflect the cumulative amortisation charge for the leasehold land (see Note 2A for the financial impact).

Financial Instruments

In the current year, the Group has applied HKAS 32 *Financial Instruments: Disclosure and Presentation* and HKAS 39 *Financial Instruments: Recognition and Measurement.* HKAS 32 requires retrospective application HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application on of HKAS32 has had no material impact on how financial instruments of the Group are presented for the current and prior accounting years. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

By 31st December, 2004, the Group classified and measured its equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP24"). Under SSAP 24, the Group's investments in equity securities are classified as "investment securities" or "other investments", "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in profit or loss. Under HKAS 39 the Group's investments in equity securities are classified as "financial assets at fair value through profit or loss" or "available-for-sale financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. On 1st January, 2005, the Group classified and measured its equity securities in accordance with the transitional provisions of HKAS 39. Comparative figures for 2004 have been restate (see note 2A for the the financial impact).

Investment Properties

In the current year, the Group has, applied HKAS 40 *Investment Property*. The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in profit or loss for the year in which they arise. In previous years, investment properties under the predecessor Standard were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and a revaluation surplus subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 retrospectively, Comparative figures for 2004 have been restated (see Note 2A for the financial impact).

Deferred Taxes related to Investment Properties

In previous years, deferred tax consequences in respect of revalued investment properties were, assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current year, the Group has applied HK(SIC) Interpretation 21 ("HKCSIC)-INT21") *Income Taxes – Recovery of Revalued Non-Depreciable Assets* which removes the presumption that the carrying amount of investment properties is to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC)-INT 21 this change in accounting policy has been applied retrospectively. Comparative figures for 2004 have been restated (see Note 2A for the financial impact).

Other

At the date of authorisation of these financial statements, the Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC) – INT 5	Rights to interests arising from decommissing, restoration and environmental rehabilitation funds[2]
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market-waste electrical and electronic equipment[3]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]

1 Effective for annual periods beginning on or after 1st January, 2007.
2 Effective for annual periods beginning on or after 1st January, 2006.
3 Effective for annual periods beginning on or after 1st December, 2005.
4 Effective for annual periods beginning on or after 1st March, 2006.

(a) Effects on the results for the current and prior years are summarized below:

	THE GROUP 2005 *HK$*	2004 *HK$*
Share of share-based payment expense of an associate	**(806,501)**	(833,322)
Recognition of share-based payments as expenses (included in administrative expenses)	**(4,249,740)**	–
Increase in fair value of investment properties recognized In income statement	**3,400,000**	3,590,000
Increase in deferred tax relating to investment properties	**(507,500)**	(223,903)
(Decrease) increase in profit for the year	**(2,163,741)**	2,532,775

Analysis by line items presented according to their function:

	THE GROUP 2005 *HK$*	2004 *HK$*
Decrease in share of results of associates	**(806,501)**	(833,322)
Increase in fair value of investment properties	**3,400,000**	3,590,000
Increase in administrative expenses	**(4,249,740)**	–
Increase in taxation	**(507,500)**	(223,903)
(Decrease) increase in profit for the year	**(2,163,741)**	2,532,775

In addition, share of taxation of associates has been reclassified and included in the share of results of associates as follows:

	THE GROUP 2005 *HK$*	2004 *HK$*
Decrease in share of results of associates	**(1,309,702)**	(982,303)
Decrease in taxation	**1,309,702**	982,303
	–	–

(b) Effects on the balance sheet as at 31st December, 2004 and 1st January, 2005 are summarized below:

	As at 31.12.2004 (originally stated) *HK$*	**Effect of HKAS 17 & 40, HK(SIC)-INT21** *HK$*	**As at 31.12.2004 (restated)** *HK$*	**Effect of HKAS 39** *HK$*	**As at 1.1.2005 (restated)** *HK$*
THE GROUP					
Investment properties	25,700,000	6,940,000	32,640,000	–	32,640,000
Interest in associates	47,583,384	(833,322)	46,750,062	–	46,750,062
Property, plant and equipment	20,585,977	(3,900,832)	16,685,145	–	16,685,145
Prepaid lease payments					
– non current portion	–	3,670,713	3,670,713	–	3,670,713
– current portion	–	204,179	204,179	–	204,179
Land held for development	2,734,382	(2,734,382)	–	–	–
Investments in securities					
– non current portion	8,179,693	–	8,179,693	(8,179,693)	–
– current portion	20,845,373	–	20,845,373	(20,845,373)	–
Available-for-sale investments	–	–	–	12,624,787	12,624,787
Held-for-trading investments	–	–	–	20,845,373	20,845,373
Deferred taxation	–	(223,903)	(223,903)	–	(223,903)
Total effects on assets and liabilities	125,628,809	3,122,453	128,751,262	4,445,094	133,196,356
Investment property revaluation reserve	1,950,000	(1,950,000)	–	4,445,094	4,445,094
Accumulated losses	(499,790,795)	5,072,453	(494,718,342)	–	(494,718,342)
Total effects on equity	(497,840,795)	3,122,453	(494,718,342)	4,445,904	(490,273,248)

(c) Effects on the equity as at 1st January, 2004 are summarized below:

	As originally stated *HK$*	**Effect of HKAS 17** *HK$*	**As restated** *HK$*
Accumulated losses	(552,066,993)	2,539,678	(549,527,315)

3. **Turnover and segment information**

Business segments

For management purposes, the Group is currently organised into three operating divisions – securities investment and trading, property development and investment and industrial. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Securities investment and trading	–	investment and trading in securities.
Property development and investment	–	properties development and investment.
Industrial	–	manufacturing and sales of garments and commodity concrete.

The Group discontinued its entertainment and leisure business (including the operation of amusement park) during the months from June to November 2004.

Segment information about these businesses is presented below.

2005

	Continuing operations			**Discontinued operation**	
	Securities investment and trading *HK$*	**Property development and investment** *HK$*	**Industrial** *HK$*	**Entertainment and leisure** *HK$*	**Consolidated** *HK$*
TURNOVER					
External sales	**13,867,893**	**864,733**	**54,165,267**	**–**	**68,897,893**
RESULTS					
Segment results	**(8,335,548)**	**4,558,459**	**(3,562,481)**	**–**	**(7,339,570)**
Other income					**1,042,378**
Finance costs					**(359,669)**
Gain on disposal of an associate					**2,872,542**
Gain on deemed disposal of an associate					**11,320,610**
Share of results of associates					**9,332,317**
Share of results of a jointly controlled entity		**(1,215,879)**		**–**	**(1,215,879)**
Profit before taxation					**15,652,729**
Taxation					**(659,254)**
Profit for the year					**14,993,475**

2004

	Continuing operations			Discontinued operation	
	Securities investment and trading *HK$*	Property development and investment *HK$*	Industrial *HK$*	Entertainment and leisure *HK$*	Consolidated *HK$* (restated)
TURNOVER					
External sales	4,152,800	1,723,902	67,445,889	71,930	73,394,521
RESULTS					
Segment results	9,003,562	4,881,993	(438,832)	280,931	13,727,654
Other income	4,627,530	125,397	194,320	53,194	5,000,441
Finance costs					(1,653,146)
Gain on disposal of subsidiaries and discontinued operations	–	(3,213,856)	–	31,065,182	27,851,326
Gain on deemed disposal of an associate					7,663,747
Share of results of associates					8,057,608
Share of results of a jointly controlled entity	–	(4,269,793)	–	–	(4,269,793)
Profit before taxation					56,377,837
Taxation					(526,169)
Profit for the year					55,851,668

4. **Profit before Taxation**

	Continuing operations		**Discontinued operation**		**Total**	
	2005 ***HK$***	2004 *HK$* (restated)	**2005** ***HK$***	2004 *HK$*	**2005** ***HK$***	2004 *HK$* (restated)
Profit before taxation has been arrived at after charging:						
Amortisation of prepaid lease payments	**165,170**	165,170	**–**	–	**165,170**	165,170
Auditors' remuneration	**666,000**	750,000	**–**	13,144	**666,000**	763,144
Cost of inventories recognised as expense	**52,227,642**	62,416,070	**–**	–	**52,227,642**	62,416,070
Depreciation	**3,219,179**	3,461,523	**–**	131,163	**3,219,179**	3,592,686
Directors' remuneration and other staff costs, including retirement benefits schemes contributions of HK$1,048,235 (2004: HK$1,040,244)	**15,730,144**	11,920,851	**–**	143,902	**15,730,144**	12,064,753
Exchange loss	**113,903**	–	**–**	–	**113,903**	–
Loss on disposal of property, plant and equipment	**16,844**	63,849	**–**	–	**16,844**	63,849
Minimum lease payments for operating lease in respect of rented premises	**273,202**	75,250	**–**	–	**273,202**	75,250
and after crediting:						
Rental income from investment properties, less outgoings of HK$7,909 (2004: HK$862,370)	**447,358**	465,368	**–**	–	**447,358**	861,532

5. **Taxation**

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2005 ***HK$***	2004 *HK$* (restated)	**2005** ***HK$***	2004 *HK$*	**2005** ***HK$***	2004 *HK$* (restated)
The charge comprises:						
PRC enterprise income tax:						
Current year	**55,303**	302,266	**–**	–	**55,303**	302,266
Underprovision in prior year	**125,248**	–	**–**	–	**125,248**	–
	180,551	302,266	**–**	–	**180,551**	302,266
Deferred taxation	**478,703**	223,903	**–**	–	**478,703**	223,903
	659,254	526,169	**–**	–	**659,254**	526,169

PRC enterprise income tax is calculated at the rates prevailing.

6. **Earnings per share**

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2005 ***HK$***	2004 *HK$* (restated)
Earnings		
Profit for the year attributable to equity holders of the Company for the purpose of basic earnings per share	**14,907,576**	54,808,973

	2005 ***HK$***	2004 *HK$* (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**67,033,317**	66,212,513

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the share consolidation and rights issue during the current year.

No diluted earnings per share has been presented because the exercise price of the Company's options was higher than the average market price for shares for the year, and the effect of dilutive potential ordinary shares of an associate is considered to be insignificant.

From continuing operations

The calculation of the basic earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	2005 ***HK$***	2004 *HK$*
Earnings		
Profit for the year attributable to equity holders of the Company	**14,907,576**	54,808,973
Less: profit for the year from discontinued operation	**–**	(30,996,824)
Earnings for the purposes of basic earnings per share from continuing operations	**14,907,576**	23,812,149

Basic earning per share for discontinued operation in 2004 is 46.81 HK cents per share, based on the profit for the year from discontinued operation of HK$30,996,824. The denominator used is the same as that detailed above for basic earnings per share.

The following table summarises the impact on basic earnings per share as a result of the application of the new HKFRSs:

	2005 *HK cents*	2004 *HK cents*
Figures before adjustment	**25.4**	79.0
Adjustment arising from changes in accounting policies	**(3.2)**	3.8
As restated	**22.2**	82.8

7. **Dividend**

No interim dividend was paid during the year and no final dividend was recommended by the directors.

8. **Proposed Bonus Issue**

However, the Directors have recommended a bonus share issue (the "Proposed Bonus Issue") of new shares (individually a "Bonus Share" and collectively the "Bonus Shares") to the shareholders of the Company on the basis of one Bonus Share of HK$0.01 for every ten issued ordinary shares held by such shareholders whose names appear on the register of members of the Company on 23rd May, 2006. The Bonus Shares will be fully paid at par and will rank pari passu with the existing issued ordinary shares of the Company in all respects from the date of issue, except that they will not rank for the Proposed Bonus Issue. The Proposed Bonus Issue is conditional upon:

(i) an ordinary resolution to approve the Proposed Bonus Issue at the 2006 Annual General Meeting being duly passed; and

(ii) the listing of and permission to deal in the Bonus shares being granted by the Listing Committee of The Stock Exchange of Hong Kong Limited.

Application will be made to the Listing Committee of The Stock Exchange of Hong Kong Limited for listing of, and permission to deal in, the Bonus Shares to be issued pursuant to the Proposed Bonus Issue after the ordinary resolution referred in (i) above has been duly passed at the 2006 Annual General Meeting.

9. **Trade and other receivables**

For sales of goods, the Group has a policy of allowing a credit period of 30 days to 90 days to its trade customers. Rentals receivable from tenants and service income from customers are payable on presentation of invoices. The aged analysis of trade receivable is as follows:

	THE GROUP	
	2005 *HK$*	2004 *HK$*
0-30 days	**2,270,048**	2,001,277
31-60 days	**1,023,174**	1,592,386
61-90 days	**2,110,841**	2,359,181
Over 90 days	**5,707,376**	6,626,276
Total trade receivables	**11,111,439**	12,579,120
Other receivables	**4,133,581**	1,763,114
	15,245,020	14,342,234

10. **Trade and other payables**

The aged analysis of trade payables is as follows:

	THE GROUP	
	2005 *HK$*	2004 *HK$*
0-30 days	**3,105,979**	2,010,307
31-60 days	**832,323**	692,900
61-90 days	**879,792**	1,651,082
Over 90 days	**9,770,844**	8,323,506
Total trade payables	**14,588,938**	12,677,795
Other payables	**11,477,935**	12,935,893
	26,066,873	25,613,688

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S STATEMENT

CORPORATE RESULTS

For the year ended 31st December, 2005, the Company and its subsidiaries (the "Group") posted a turnover from operations of approximately HK$68.90 million (2004: HK$73.39 million), a decrease of 6.1% from last year.

The Group had recorded a net profit attributable to equity holders of the parent approximately HK$14.91 million (2004: HK$54.8 million, restated), a 72.8% decline from last year. The earnings per share for the year ended 31st December, 2005 was HK22.2 cents (2004: HK82.8 cents, restated), a 73.19% decrease over last year.

DIVIDEND

No interim dividend was paid during the year and no final dividend was recommended by the directors.

PROPOSED BONUS ISSUE

However, the Directors have recommended a bonus share issue (the "Proposed Bonus Issue") of new shares (individually a "Bonus Share" and collectively the "Bonus Shares") to the shareholders of the Company on the basis of one Bonus Share of HK$0.01 for every ten issued ordinary shares held by such shareholders whose names appear on the register of members of the Company on 23rd May 2006. The Bonus Shares will be fully paid at par and will rank pari passu with the existing issued ordinary shares of the Company in all respects from the date of issue, except that they will not rank for the Proposed Bonus Issue. The Proposed Bonus Issue is conditional upon:

(i) an ordinary resolution to approve the Proposed Bonus Issue at the 2006 Annual General Meeting being duly passed; and

(ii) the listing of and permission to deal in the Bonus shares being granted by the Listing Committee of The Stock Exchange of Hong Kong Limited.

Application will be made to the Listing Committee of The Stock Exchange of Hong Kong Limited for listing of, and permission to deal in, the Bonus Shares to be issued pursuant to the Proposed Bonus Issue after the ordinary resolution referred in (i) above has been duly passed at the 2006 Annual General Meeting.

A circular setting out further details of the Proposed Bonus Issue will be despatched to the shareholders of the Company as soon as practicable.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2005, the Group had cash and bank balances amounting to HK$46.5 million (2004: HK$19.7 million). Virtually, the Group's funding policy is to finance the business operations with internally net generated cash and bank facilities. As at 31st December, 2005, the Group had total borrowings of HK$15.75 million (2004: HK$6.5 million) which was payable within one year and was fully secured. The Group's borrowings were denominated in Hong Kong dollar, Japanese Yen and United States dollar.

Interest rates were in line with the best lending rates either at prime or based on the Hong Kong Inter-bank Offer Rate. The Group did not have any financial instruments used for hedging purpose.

GEARING RATIO AND CURRENT RATIO

The Group's gearing ratio (total bank and other loans to shareholders' equity) as at 31st December, 2005 increased to 9.2% (2004: 5.42%, restated). The Group's current ratio (current assets to current liabilities) as at 31st December, 2005 has increased to 2.23 (2004: 1.64). On the whole, the financial position and liquidity of the Group is sound and stable.

CAPITAL STRUCTURE

In February 2005, the Company completed a capital reorganisation which comprised a share consolidation of every 5 issued and unissued shares of HK$1.00 each into one consolidated share of HK$5.00 each and the paid up capital of the issued consolidated shares was reduced from HK$5.00 each to HK$0.01 each by cancelling the paid up capital to the extent of HK$4.99 on each issued consolidated share. Each of the authorized consolidated shares are subdivided into 500 shares of HK$0.01 each.

After the completion of capital reorganisation, the authorized share capital of the Company would be HK$700 million comprising 70 billion adjusted shares and the issued share capital of the Company would be HK$0.66 million divided into 66.33 million adjusted shares.

In order to finance the Group's proposed development, the Company issued 33.16 million rights shares of HK$0.01 each, for consideration of HK$0.915 per share. The allotment was made on 23rd December, 2005 to the existing shareholders, on the basis of one right share for every two existing shares held on 30th November, 2005. The right shares rank pari passu with the existing shares in all respect.

After the completion of rights issue, the issued share capital of the Company would be HK$0.99 million comprising 99.5 million new shares.

PLEDGE OF ASSETS

At 31st December, 2005, the Group had mortgaged or pledged certain investment properties, plants, equipments, listed investments and bank deposits with an aggregate net book value of approximately HK$36.1 million to banks, financial institutions and loan creditors for obtaining banking facilities, margin trading facilities, overdraft and revolving loan facilities, term loan facilities and loan facilities to the Group to the extent of approximately HK$56.2 million.

CONTINGENT LIABILITES

At 31st December, 2005, the Group had no significant contingent liabilities (2004: Nil).

CAPITAL COMMITMENTS

As at 31st December, 2005, the Group and the Company had no capital commitments (2004: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

In June 2005, the Company disposed of its partial interest 7 million shares in an associate, Chinasoft International Limited (the "Chinasoft") with recognition a gain of HK$2.9 million (2004: Nil). The Company's shareholding in Chinasoft had further reduced from 24.36% to 23.20%, resulting in a gain on deemed disposal of approximately HK$11 million (2004: Nil) in July 2005.

EMPLOYEES AND REMUNERATION POLICIES

At 31st December, 2005, the Group had approximately 600 employees in Hong Kong and PRC. The Group offers its employees competitive remuneration packages based on industry's practices and performance of individual employee. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. The Group had adopted a share option scheme on 23rd May, 2005 and discretionary share options would be granted to reward and motivate those well performed employees.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 19th May, 2006 to 23rd May, 2006, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed Bonus Shares, transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 18th May, 2006.

BUSINESS REVIEW AND PROSPECTS

The Board announces that the Chinasoft an associate of the Group listed in the Growth Enterprise Market, persisted for great contribution to the Group. Chinasoft has demonstrated a promising performance with satisfactory growth both in turnover and net profit. As a PRC-based IT services supplier providing total solution with positioning in the leaders of some vertical industries in PRC, it is also a leading outsourcing enterprise and the top workflow (quality) control company, the Group expects that Chinasoft endeavours to extend its market coverage network and provide an endurable revenue to the Group.

For the industrial segment, Jiangsu Bang Bang Silky Fashion Manufacturer Company Limited has reduced in turnover by 15.1% over the last year. While Suzhou Goldtract Commodity Concrete Company Limited has experienced a decline drop of 26.4% in turnover over last year. Despite the effect at implementation of macro-economic policies in China, it is anticipated that china will continue to lead global economic growth in 2006 as its growth in GDP is still expected to be over 8% in the coming years.

For property segment, the plan for refurbishment of Kwai Chung Fa Yuen at Kwai Chung is temporarily suspended due to slow down in commercial area's demand in that region. In the meantime, short term lease tenants are targeted to fill the transitional vacant premises.

Foreseeing 2006, the Group's management believe we are well positioned to face the challenge with its conservative management will continue to take a prudent approach in allocating resources into projects with high return and limited capital outlay. As Asia Pacific, especially China, is expected to be the focus of the global economy in the next decade, this region will continue to be the centre of our investment portfolio. The Company will continue to transform itself into an integrated financial services provider and investment firm and set its focus on identifying and converting viable business opportunities to deliver long term and sustainable values to our shareholders.

PURCHASE, SALE AND REDEMPTION OF LISTING SECURITIES

During the year under review, the Company and its subsidiaries have not purchased, sold or redeemed any of the securities in the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted a new code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Model Code. The Directors confirmed that there were not any non-compliance with the standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year ended 31st December, 2005.

CORPORATE GOVERNANCE

The Company has complied with Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31st December, 2005, with deviations from code provision A.4.1 and A.4.2 of the Code in respect of the service term and rotation of Directors.

None of the existing Non-executive Directors of the Company is appointed for a specific term and Managing Director is not subject to re-election by rotation by the Company's Articles of Association (the "Articles") 76. This constitutes a deviation from code provision A.4.1 and A.4.2 of the Code. However, all Directors of the Company excluding Managing Director are subject to the retirement by rotation at each annual general meeting under Articles 79 and 80 of the Company. In view of good Corporate Governance Practices, Managing Director voluntarily retires from his office at the forthcoming annual general meeting of the Company notwithstanding that he is not required to do so by the Company's Article 76. As such, the Company considers that sufficient measures have been taken to ensure that the Company's Corporate Governance Practices are no less exacting than those in the Code.

REMUNERATION COMMITTEE

The Company had established a Remuneration Committee with written terms of reference pursuant to the provisions set out in the Code. The committee comprised two independent non-executive directors, namely Dr. Lee G. Lam and Ryan Yen Hwung Fong and the Managing Director, Mr. Duncan Chiu of the Company. The Remuneration Committee is principally responsible for formulation and making recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the financial statements. The Audit Committee comprises two independent non-executive directors, namely, Dr. Lee G. Lam and Mr. Ryan Yen Hwung Fong and one non-executive director, Mr. Derek Chiu.

The figures in respect of the Group's consolidated income statement, consolidated balance sheet and the related notes thereto for the year ended 31st December, 2005 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By order of the Board
Duncan Chiu
Managing Director and Chief Executive Officer

Hong Kong, 21st April, 2006

As at the date of this announcement, the executive directors are Mr. Deacon Te Ken Chiu, Mr. Duncan Chiu and Mr. Dennis Chiu; the non-executives directors are Dato' David Chiu, Mr. Daniel Tat Jung Chiu, Mr. Derek Chiu, Mr. Desmond Chiu and Ms. Margaret Chiu; and independent non-executive directors are Dr. Lee G. Lam, Mr. Ryan Yen Hwung Fong and Mr. Hing Wah Yim.