SUN EAST TECHNOLOGY (HOLDINGS) LIMITED

日東科技（控股）有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 365)

SUMMARISED ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

The Board of Directors ("the Board") of Sun East Technology (Holdings) Limited ("the Company") announces the unaudited consolidated results ("the Unaudited Results") of the Company and its subsidiaries (collectively, "the Group") for the six months ended 30 September 2005 ("the Period"). The Unaudited Results have not been audited by the Company's auditors, but have been reviewed by the Company's Audit Committee on 29 December 2005:

CONDENSED CONSOLIDATED PROFIT & LOSS ACCOUNT

	Notes	**Six months ended 30 September 2005 (Unaudited) *HK$'000***	2004 (Unaudited) *HK$'000*
TURNOVER	*4*	**272,306**	280,733
Cost of sales		**(226,094)**	(230,144)
Gross profit		**46,212**	50,589
Other income and gains		**1,165**	348
Selling and distribution expenses		**(8,409)**	(7,704)
General and administrative expenses		**(35,520)**	(19,250)
Other operating expenses		**–**	(14)
Finance costs	*5*	**(724)**	(1,304)
Share of results of:			
A jointly-controlled entity		**(757)**	(325)
An associate		**(12)**	61
PROFIT BEFORE TAX	*6*	**1,955**	22,401
Tax	*7*	**(962)**	(818)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS		**993**	21,583
Interim dividend	*8*	**–**	–
EARNINGS PER SHARE	*9*		
– Basic		**0.26 cents**	6.17 cents
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	30 September 2005 (Unaudited) *HK$'000*	31 March 2005 (Audited) *HK$'000*
NON-CURRENT ASSETS		
Fixed assets	**156,794**	160,337
Intangible assets	**8,717**	11,467
Interest in a jointly-controlled entity	**3,808**	4,618
Interest in an associate	**977**	990
Other deposits and receivables	**900**	3,100
	171,196	180,512
CURRENT ASSETS		
Inventories	**92,206**	85,076
Construction contract	**–**	2,831
Accounts receivable	**154,594**	153,128
Prepayments, deposits and other receivables	**16,598**	11,656
Pledged time deposit	**2,000**	2,000
Cash and cash equivalents	**69,199**	68,594
	334,597	323,285
CURRENT LIABILITIES		
Accounts and bills payable	**85,736**	88,124
Accruals and other payables	**41,740**	37,640
Interest-bearing bank borrowings	**18,088**	34,691
Finance lease payables	**1,673**	1,941
Tax payable	**28,371**	24,336
Divided Payable	**9,375**	–
Amount due to directors	**46**	171
	185,029	186,903
NET CURRENT ASSETS	**149,568**	136,382
TOTAL ASSETS LESS CURRENT LIABILITIES	**320,764**	316,894
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**7,164**	–
Finance lease payables	**989**	1,683
Deferred tax liabilities	**2,331**	2,862
	10,484	4,545
	310,280	312,349
CAPITAL AND RESERVES		
Issued capital	**37,500**	37,500
Reserves	**272,780**	265,474
Proposed final dividend	**–**	9,375
	310,280	312,349

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES

The principal activities of the Group comprise the design, manufacture and distribution of production line and production equipment and distribution of brand name production equipment.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and interpretations) that affect the Group and are adopted for the first time for the current period's financial statements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 1, 2, 7, 8, 10, 12, 16, 17, 18, 19, 21, 23, 24, 27, 28, 32, 33, 36, 37, 38 39, 40, HKFRS3, HK(SIC)-Int 21 and HK-Int 4 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements. The impact of adopting the HKFRS 2 – Share-based Payment is summarised as follows:

When employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted. The fair value is determined by suing the Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit and loss account for a period represents the movement in cumulative expense recognisd as at the beginning and end of that period.

No expense is recognisd for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

These condensed consolidated interim financial statements have been reviewed by the audit committee of the Company and was approved by the Board on 29 December 2005.

3. SUMMARY OF THE IMPACT OF NEW ACCOUNTING POLICIES

The following tables summaries the impact on profit after tax, income or expenses recognised directly in equity and capital transactions with equity holders for the six-month periods ended 30 September 2005 and 2004 upon the adoption of the new HKFRSs.

(a) Effect on profit after tax for the six months ended 30 September 2005 and 2004

Effect of new policies Decrease	**2005 Equity holders of the parent (Unaudited) *HK$'000***	2004 Equity holders of the parent (Unaudited) *HK$'000*
Effect on profit after tax:		
HKFRS 2 – Share option scheme	**(4,992)**	–
Total effect for the period	**(4,992)**	–
Effect on earnings per share:		
Basic	**HK1.33 cents**	–

(b) Effect on income or expenses recognised directly in equity and capital transactions with equity holders for the six months ended 30 September 2005 and 2004

Effect of new policies Increase	**2005 Equity holders of the parent (Unaudited) *HK$'000***	2004 Equity holders of the parent (Unaudited) *HK$'000*
HKFRS 2 – Share option scheme	**4,992**	–
Total effect for the period	**4,992**	–

4. SEGMENT INFORMATION

The following table presents revenue and results for the Group's business segments.

	Production lines and production equipment Six months ended 30 September (Unaudited)		**Brand name production equipment Six months ended 30 September (Unaudited)**		**Consolidated Six months ended 30 September (Unaudited)**	
	2005 *HK$'000*	2004 *HK$'000*	**2005 *HK$'000***	2004 *HK$'000*	**2005 *HK$'000***	2004 *HK$'000*
Segment revenue:						
Sales to external customers	**174,576**	150,200	**97,730**	130,533	**272,306**	280,733
Other revenue – external	**–**	65	**–**	–	**–**	65
	174,576	150,265	**97,730**	130,533	**272,306**	280,798
Segment results	**(1,868)**	6,558	**14,366**	20,153	**12,498**	26,711
Interest and unallocated income					**295**	282
Unallocated expenses					**(9,345)**	(3,024)
Finance costs					**(724)**	(1,304)
Share of results of						
a jointly-controlled entity					**(757)**	(325)
an associate					**(12)**	61
Tax					**(962)**	(818)
Net profit for the period					**993**	21,583

5. FINANCE COSTS

	Six months ended 30 September 2005 (Unaudited) *HK$'000*	2004 (Unaudited) *HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**667**	1,244
Interest on finance leases	**57**	60
	724	1,304

6. PROFIT BEFORE TAX

	Six months ended 30 September 2005 (Unaudited) *HK$'000*	2004 (Unaudited) *HK$'000*
Profit before tax has been arrived at after charging:		
Cost of inventories sold and services provided	**226,094**	230,144
Depreciation	**6,375**	5,342
Amortisation of technical know-how	**2,750**	2,750
Minimum lease payments under operating leases of land and building	**941**	652
Staff costs (including directors' remunerations)		
– wages and salaries	**19,641**	20,525
– retirement benefits scheme contributions	**429**	439

7. TAX

	Six months ended 30 September 2005 (Unaudited) HK$'000	2004 (Unaudited) HK$'000
Hong Kong	–	–
Elsewhere	**962**	818
Deferred	–	–
Tax charge for the period	**962**	818

No provision for Hong Kong profits tax has been made in the financial statements for the six months ended 30 September 2005 (2004: Nil) as the Group has no Hong Kong assessable profit for the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

As at 30 September 2005, there was no significant unprovided deferred tax liability (2004: Nil).

8. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2005 (2004: Nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the period of approximately HK$993,000 (2004: HK$21,583,000), and the weighted average number of 375,000,000 (2004: 350,000,000) shares in issue during the period. Diluted earnings per share has not been calculated as no diluting event existed during the period.

10. RELATED PARTY TRANSACTIONS

There is no significant related party transaction during the period ended 30 September 2005.

11. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its factory premises under operating lease arrangements. Leases for these assets are negotiated for terms ranging from 1 to 3 years.

At 30 September 2005, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2005 (Unaudited) HK$'000	As at 31 March 2005 (Audited) HK$'000
Within one year	**334**	1,179
In the second to fifth years, inclusive	**634**	627
	968	1,806

12. CONTINGENT LIABILITIES

On 28 July 2004, 廣州寶龍集團輕型汽車製造有限公司(「寶龍」), a company operating in Zengcheng, the PRC and a customer of 西菲士表面處理工程(深圳)有限公司(「西菲士」), a subsidiary of the Company, filed a civil complaint against 西菲士 in the District Court of Zengcheng, the PRC (the "Action"). In the Action, 寶龍 alleged that 西菲士 had breached certain conditions in a construction contract (the "Contract") including delay in assembling a production line. In the Action, 寶龍 is claiming for the sum of RMB1,000,000 as compensation, the recovery of certain documents and information of the production line, and respective legal costs against 西菲士. 西菲士 was defending against the Action and has counter-claimed 寶龍 for approximately RMB6,116,000 as compensation of costs incurred for the production line and the related legal costs against 寶龍.

A provision of HK$4,070,000 has been made as foreseeable losses on the construction cost incurred under the contract. Based on the advice from its PRC legal advisers, the directors are of the opinion that the Action claim is unlikely to succeed based on the merits of the case and therefore, the directors consider that no further material liability is likely to result therefrom.

13. SHARE OPTION SCHEME

Share options were granted to certain directors on 31 August 2005. The exercise price of the share options is the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on 1 August 2005; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding 1 August 2005; and (iii) the nominal value of the Company's share.

The exercise period of the share options granted is determinable by the directors, and commences on grant date and will expire on 29 August 2008.

The contractual life of the options is 3 years and the Group has no legal or constructive obligation to repurchase or settle the options in cash.

The expense recognised in the condensed consolidated profit and loss account for employee services received during the period is HK$4,992,000 (six months ended 30 September 2004: nil).

BUSINESS REVIEW AND OUTLOOK

The unaudited turnover of Sun East Technology (Holdings) Limited ("Sun East" or "the Company") together with its subsidiaries (collectively "the Group") for the six-month period ended 30 September 2005 amounted to approximately HK$272 million (30 September 2004: HK$281 million), representing a slight decrease of 3 per cent as compared to that of the same period of the previous year. The Group's gross profit amounted to HK$46 million, representing a decrease of 8.65 per cent as compared to that of the same period of the previous year. The net profit attributable to shareholders amounted to approximately HK$993,000 for the period under review (30 September 2004: HK$22 million).

During the first half of the year, some of the clients of the Group's logistics system business in Shanghai were affected by China's macroeconomic austerity measures and failed to settle their overdue bills. After evaluating the clients' situation, the Group had to make a provision for accounts receivable of approximately HK$10 million. The Group is currently taking measures to collect the relevant overdue payments. In addition, the resolution regarding the granting of options to subscribe for a total of 31,200,000 shares of the Company to the executive directors (the "Options") was passed at the Annual General Meeting of the Company held on 31 August 2005. The fair value of the Options at the date of grant was approximately HK$5 million and in compliance with the provisions of Hong Kong Financial Reporting Standards HKFRS 2, the amount was recognised as an expense in the consolidated profit and loss account for the period under review.

西菲士表面處理工程(深圳)有限公司(「西菲士」), the Group's wholly owned subsidiary engaged in metal case surface treatment, reported unsatisfactory results during the period under review, which to a certain degree affected the Group's earnings.

The logistics system business in Shanghai and 西菲士 were new business activities that the Group explored under its diversification policy implemented a few years ago. However, in view of the operations over the past few years, the management of the Group believed resources should be concentrated on its core businesses with apparent advantage in efficiency. In order to enhance the operating efficiency of the logistics system business in Shanghai and 西菲士, the Group had incorporated these businesses into the Group's subsidiary in Shenzhen.

During the period under review, China remained the major market of the Group, while Hong Kong, Europe and Japan accounted for the rest of the Group's sales.

As an upstream industrial manufacturer, the Group is principally engaged in the supply of production equipment for manufacturers of electronic products and electronic components. The Group's operations are divided into four major divisions, namely electronics assembly equipment, automated production line, semiconductor packaging equipment and sheet metal fabrication.

1. Electronics Assembly Equipment

Electronics assembly equipment is the Group's core business, which includes the sale of soldering equipment, pick and place machines and screen printers, and related design and supplementary services.

a. Soldering Equipment

After the European Union's ("EU") promulgation of the regulation requiring all the electronic equipment imported into the EU area to be lead-free from 1 July 2006 onwards, the PRC recently formulated the "Bill on the Prevention of Toxins in Electronic Products," which is to be introduced in early 2006. It is expected that the "Measures on the Control and Management of Pollution Caused By Electronic Information Products," which ban the sale of electronic products that do not meet the required standard, will be promulgated in early 2006. Production of electronic products and equipment will gradually move to lead-free process. Electronic manufacturing plants in mainland China currently use lead soldering equipment will have to gradually replace them with or install new lead-free soldering equipment. This will stimulate continued growth in the demand for electronics assembly equipment in mainland China as well as demand for the Group's lead-free equipment products, which in turn makes lead-free electronic equipment the Group's profit driver. As the largest soldering equipment manufacturer in Hong Kong and mainland China, the Group will strive to develop new models of soldering equipment and seize the opportunity brought by the growth of lead-free electronic equipment. The newly developed wave soldering system and lead-free hot air reflow system are expected to be launched to the market in early 2006.

The Group and Rehm-Anlagenbau GmbH, a renowned German soldering equipment producer, had set up a jointly-controlled entity with production plant in Shenzhen specialising in high precision reflow soldering equipment. It is expected that there would be substantial growth in the production and sales volume of this plant in the second half of the year, which would help further enhance the Group's share and position in the high-end soldering equipment market.

In order to raise the industry's awareness of the impact of the production process and products on the ecological environment, the Group signed a memorandum with Shenzhen SZ-HK Productivity Foundation Co. Ltd. on 30 August 2005 to become a founding member of the SZ-HK Green Manufacturing Technology Demonstration Center ("the Center"). The Center was established as a public technology service platform for both China and Hong Kong, with the aim of providing one-stop green manufacturing technology services to the regional industry. The Group will provide the latest lead-free surface packaging line for demonstration and collaborate with SZ-HK Productivity Foundation Co. Ltd. on the development of the Center.

b. Pick and Place Machines

The Group is principally engaged in the distribution of pick and place machines of overseas well known brands. During the period, the Group is the exclusive distributor of Samsung Techwin pick and place machines in China and Hong Kong. The pick and place machines distributed by the Group can be a part of the client's automated production line or sold independently.

c. Screen Printer

The Group has continued strengthening the R&D and production capacity of screen printers in recent years. During the period under review, the Group's screen printer business sustained steady development, with satisfactory sales performance. Sales amount substantially increased by 85 per cent from that of the same period of the previous year. With R&D as its priority, the Group continued to develop different models of screen printers during the period under review. After winning the Hong Kong Awards for Industry for its self-developed screen printer SEM668, the Group developed another screen printer model SEM688, which is now in its final development stage. Model SEM688 is expected to be released to the market in early 2006. The Group will put more emphasis on the development of screen printer business and intensify its marketing efforts.

2. Automated Production Line

To provide a complete range of auxiliary services, the Group also designs and assembles production lines as well as provides a comprehensive automated production line solution that ranges from equipment manufacture to resources allocation, to its customers in addition to the supply of production equipment. During the period, apart from strengthening cost control and focusing on the production of products with high profit margins, the Group merged its logistics division in Shanghai and automated control technology department to form a new technological engineering department. All these were aimed to increase the profit from automated production line solution business.

3. Semiconductor Packaging Equipment

The Group has been active in developing its semiconductor packaging equipment business. During the period under review, the Group's semiconductor packaging technology was close to mature: the latest generation wire bonding machine had reached the final stage of R & D. The Group continued to actively develop Chip On Glass ("COG") business, which is expected to sustain continued growth.

4. Sheet Metal Fabrication

Apart from supplying metal parts for internal consumption, the sheet metal fabrication business has been manufacturing metal parts for world-renowned clients. During the period under review, the sheet metal fabrication business sustained satisfactory growth. Turnover and profit from the sheet metal fabrication business continued to rise due to the increase in orders from clients such as Konica Minolta and the Spain-based Ecoforest. It is expected that the number of relevant orders will keep growing.

PROSPECTS

2006 is a critical year for the global development of lead-free electronic equipment. With the world's mounting environmental concern, the adoption of lead-free electronic equipment has become a global trend that will have positive impact on the Group's development and will contribute to its growth. In view of the global trend of lead-free equipment and in order to capture the tremendous opportunity brought by this trend, the Group plans to increase the production of lead-free equipment.

The Group will continue strengthening its R&D technology. In addition to its ongoing collaboration with Harbin Institute of Technology in China on R&D, the Group is currently engaging in certain scientific research collaborative projects with a number of universities in Hong Kong, with the aim of enhancing its competitive edge in product technology and supporting the continued growth of its business.

Facing an increasingly competitive market, the Group will strive to consolidate its business structure. In the second half of the year, the Group will enhance its business consolidation, and will reduce the economic scale of the non-core businesses with no contribution to the Group's profitability. Such a move will allow the Group to further concentrate its resources on the development of its core businesses, which have the strongest competitive advantages and the most promising earning prospects. These core businesses include electronics assembly equipment business and semiconductor packaging equipment business, the two of which could complement each other and create synergy. The Group will strive to enhance operational efficiency by deepening internal reform, improving management performance and formulating development strategy. The Group will also seize the opportunity brought by the rapid growth of lead-free electronic equipment market and increase the market share of its various products.

LIQUIDITY

As at 30 September 2005, the Group had net current assets of HK$150 million (31 March 2005: HK$136 million), mainly comprising cash and cash equivalents of approximately HK$71 million (31 March 2005: HK$71 million), prepayments, deposits and other receivables of approximately HK$17 million (31 March 2005: HK$12 million), inventories of approximately HK$92 million (31 March 2005: HK$85 million), and trade receivables of approximately HK$155 million (31 March 2005: HK$153 million) and current liabilities of approximately HK$185 million (31 March 2005: HK$187 million). The current ratio was approximately 1.8 as at 30 September 2005 (31 March 2005: 1.7).

As at 30 September 2005, the Group had total assets of approximately HK$506 million (31 March 2005: HK$504 million) and total liabilities of approximately HK$196 million (31 March 2005: HK$191 million). The gearing ratio calculated as a percentage of debt to equity was 9% (31 March 2005: 12%).

FINANCIAL RESOURCES

As at 30 September 2005, the Group had floating interest-bearing bank borrowings of approximately HK$25 million (31 March 2005: HK$35 million), of which HK$15 million were denominated in Renminbi and HK$10 million in Hong Kong dollars. The Group's bank borrowings are all repayable within five years. As at 30 September 2005, the Group's borrowings were secured by (i) first legal charges on certain of the Group's leasehold land and buildings and its investment property located in Hong Kong; (ii) guarantees provided by the Company.

As a significant portion of the Group's sales and purchases are denominated in Hong Kong dollars and Renminbi, in view of the stability of exchange rate of Hong Kong dollars and Renminbi, the directors consider the Group has no significant exposure to foreign exchange fluctuation. During the Period under review, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 30 September 2005.

As at 30 September 2005, cash and bank balances amounted to HK$71 million, approximately HK$14 million are denominated in Renminbi and the majority of the remaining balances are denominated in Hong Kong dollars.

EMPLOYEES

At 30 September 2005, the Group employed approximately 1,550 staff and workers in the PRC and approximately 50 staff in the Group's Hong Kong office. The Group's employees are remunerated in accordance with their work performance, experience and prevailing industry practices. The Group also participates in retirement schemes for its staff in the PRC and Hong Kong.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2005 (2004: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Period.

CORPORATE GOVERNANCE

Model Code for Securities Transactions By Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code"). On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2005.

Compliance with the Code on Corporate Governance Practices

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Listing Rules during the interim period; except that CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All the existing non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Audit Committee

The Company has an Audit Committee (the "Committee") which was established in accordance with the requirements of the CG Code, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Committee comprises the three independent non-executive directors of the Company. The Group's interim report for the period ended 30 September 2005 has been reviewed by the Committee. The Committee is of the opinion that these statements comply with the applicable accounting standards, and the Stock Exchange and legal requirements, and that adequate disclosures have been made.

Remuneration Committee

The Company has established the Remuneration Committee which comprises three members, namely Prof. Xu Yang Sheng and Mr. Yau Wing Keung, who are independent non-executive directors, and Mr. But Tin Fu, who is an executive director.

List of all Directors of the Company as at the date of this announcement:

Executive Directors:	*Independent Non-Executive Directors:*
Mr. But Tin Fu *(Chairman)*	Mr. See Tak Wah
Mr. But Tin Hing	Prof. Xu Yang Sheng
Mr. Leung Cheong	Mr. Yau Wing Keung
Mr. Leung Kuen, Ivan	

For and on behalf of the Board
But Tin Fu
Chairman

Hong Kong, 29 December 2005

* *For identification purpose only*