KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED
(泰盛實業集團有限公司*)

*(Incorporated in Bermuda with limited liability)*
**(Stock Code: 1159)**

# ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

**HIGHLIGHTS**

The Group's turnover increased by approximately 5.0 per cent. to approximately HK$347,687,000

Profit attributable to shareholders increased by approximately 4.9 per cent. to approximately HK$12,419,000

Bank balances and cash was approximately HK$67,924,000

Total net assets increased by approximately 2.1 per cent. to approximately HK$450,928,000

Basic earnings per share was approximately HK2.26 cents

The board of directors (the "Directors") of Karce International Holdings Company Limited (the "Company" together with its subsidiaries the "Group") is pleased to present to the shareholders of the Company the unaudited consolidated interim results of the Group for the six months ended 30 June 2006. The Company's audit committee has reviewed the interim results.

**CONDENSED CONSOLIDATED INCOME STATEMENT**
*FOR THE SIX MONTHS ENDED 30 JUNE 2006*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2006** | 2005 |
| | | ***HK$'000*** | *HK$'000* |
| | *Note* | ***(unaudited)*** | *(unaudited)* |
| Turnover | *2* | **347,687** | 331,244 |
| Cost of sales | | **(283,409)** | (278,681) |
| Gross profit | | **64,278** | 52,563 |
| Other income | | **1,492** | 8,381 |
| Distribution costs | | **(5,944)** | (5,463) |
| Administrative expenses | | **(44,490)** | (36,286) |
| Finance costs | | **(1,604)** | (1,785) |
| Share of result of an associate | | **–** | (5,453) |
| Gain on disposal of a subsidiary | | **–** | 2,227 |
| Gain on deemed disposal of interest in an associate | | **–** | 1,106 |
| Profit before taxation | *3* | **13,732** | 15,290 |
| Taxation | *4* | **(1,313)** | (3,448) |
| Profit for the period | | **12,419** | 11,842 |
| Attributable to: | | | |
| Equity holders of the Company | | **12,419** | 11,842 |
| Earnings per share | *5* | | |
| Basic (HK cents) | | **2.26** | 2.15 |

**CONDENSED CONSOLIDATED BALANCE SHEET**
*AS AT 30 JUNE 2006*

| | **30 June 2006** *HK$'000* *(unaudited)* | 31 December 2005 *HK$'000* *(audited)* |
|---|---|---|
| NON-CURRENT ASSETS | | |
| Investment properties | **61,241** | 61,241 |
| Property, plant and equipment | **231,838** | 222,551 |
| Prepaid lease payments | **17,549** | 17,775 |
| Available-for-sale investment | **97,060** | 95,345 |
| Club debenture | **1,180** | 1,180 |
| | **408,868** | 398,092 |
| CURRENT ASSETS | | |
| Inventories | **115,414** | 72,865 |
| Trade and other receivables | **147,013** | 113,306 |
| Bills receivable | **1,911** | 3,571 |
| Amount due from a related company | **–** | 7,806 |
| Bank balances and cash | **67,924** | 92,064 |
| | **332,262** | 289,612 |
| CURRENT LIABILITIES | | |
| Trade and other payables | **195,755** | 143,611 |
| Bills payable | **4,686** | 3,988 |
| Tax liabilities | **20,625** | 22,201 |
| Obligation under finance leases – due within one year | **6,848** | 6,573 |
| Bank borrowings – due within one year | **27,750** | 23,000 |
| | **255,664** | 199,373 |
| NET CURRENT ASSETS | **76,598** | 90,239 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | **485,466** | 488,331 |
| CAPITAL AND RESERVES | | |
| Share capital | **54,496** | 55,078 |
| Reserves | **396,432** | 386,368 |
| | **450,928** | 441,446 |
| NON-CURRENT LIABILITIES | | |
| Obligations under finance leases – due after one year | **5,908** | 3,787 |
| Bank borrowings – due after one year | **9,000** | 24,500 |
| Deferred tax liabilities | **19,630** | 18,598 |
| | **34,538** | 46,885 |
| | **485,466** | 488,331 |

*Notes:*

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim results of the Group have been prepared in compliance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA and on a basis consistent with the principal accounting policies adopted in the report and accounts for the year ended 31 December 2005, except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRSs") and HKASs (collectively referred to as the "New HKFRSs"), which have become effective for accounting periods beginning on or after 1 January 2006. The applicable New HKFRSs adopted in this interim financial report are set out below.

| | |
|---|---|
| HKAS 19 (Amendment) | Actuarial gains and losses, group plans and disclosures |
| HKAS 21 (Amendment) | Net investment in a foreign operation |
| HKAS 39 (Amendment) | Cash flow hedge accounting of forecast intragroup transactions |
| HKAS 39 (Amendment) | The fair value option |
| HKAS 39 and HKFRS 4 (Amendment) | Financial guarantee contracts |
| HKFRS - Int 4 | Determining whether an arrangement contains a lease |

The adoption of the above New HKFRSs did not result in substantial changes to the Group's consolidated balance sheet and consolidated income statement.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Group has commenced considering the potential impact of these new HKFRSs. The management anticipates the application of these new HKFRSs will have no material impact on how its results of operations and financial position are prepared and presented.

| | |
|---|---|
| HKAS 1 (Amendment) | Capital disclosures[1] |
| HKFRS 7 | Financial instruments: Disclosures[1] |
| HK(IFRIC) - INT 7 | Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economics[2] |
| HK(IFRIC) - INT 8 | Scope of HKFRS 2[3] |
| HK(IFRIC) - INT 9 | Reassessment of embedded derivatives[4] |

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 March 2006.
3 Effective for annual periods beginning on or after 1 May 2006.
4 Effective for annual periods beginning on or after 1 June 2006.

## 2. SEGMENT INFORMATION

**Business segments:**

For management purpose, the Group is currently organised into three principal operating divisions – electronic calculators and organisers, conductive silicon rubber keypads and printed circuit boards.

Segment information about these businesses is presented below:

| | | | Unaudited For the six months ended 30 June | | | |
|---|---|---|---|---|---|---|
| **2006** | **Electronic calculators and organisers** *HK$'000* | **Conductive silicon rubber keypads** *HK$'000* | **Printed circuit boards** *HK$'000* | **Other operations** *HK$'000* | **Eliminations** *HK$'000* | **Consolidated** *HK$'000* |
| **REVENUE** | | | | | | |
| External sales | **237,309** | **46,344** | **64,034** | **–** | **–** | **347,687** |
| Inter-segment sales | **238** | **8,810** | **13,254** | **–** | **(22,302)** | **–** |
| Total | **237,547** | **55,154** | **77,288** | **–** | **(22,302)** | **347,687** |
| **RESULT** | | | | | | |
| Segment result | **16,509** | **2,249** | **(2,612)** | **(270)** | | **15,876** |
| Unallocated other income | | | | | | **831** |
| Unallocated corporate expenses | | | | | | **(1,371)** |
| Finance costs | | | | | | **(1,604)** |
| Profit before taxation | | | | | | **13,732** |
| Taxation | | | | | | **(1,313)** |
| Profit for the period | | | | | | **12,419** |

| 2005 | Unaudited For the six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | Electronic calculators and organisers *HK$'000* | Conductive silicon rubber keypads *HK$'000* | Printed circuit boards *HK$'000* | Other operations *HK$'000* | Eliminations *HK$'000* | Consolidated *HK$'000* |
| **REVENUE** | | | | | | |
| External sales | 224,437 | 29,725 | 73,090 | 3,992 | – | 331,244 |
| Inter-segment sales | 1,082 | 6,384 | 10,117 | – | (17,583) | – |
| Total | 225,519 | 36,109 | 83,207 | 3,992 | (17,583) | 331,244 |
| **RESULT** | | | | | | |
| Segment result | 27,272 | (5,545) | (927) | (998) | | 19,802 |
| Unallocated other income | | | | | | 87 |
| Unallocated corporate expenses | | | | | | (694) |
| Finance costs | | | | | | (1,785) |
| Share of result of an associate | | | | | | (5,453) |
| Gain on disposal of a subsidiary | | | | | | 2,227 |
| Gain on deemed disposal of interest in an associate | | | | | | 1,106 |
| Profit before taxation | | | | | | 15,290 |
| Taxation | | | | | | (3,448) |
| Profit for the period | | | | | | 11,842 |

## 3. PROFIT BEFORE TAXATION

| | Six months ended 30 June | |
|---|---|---|
| | **2006** | 2005 |
| | ***HK$'000*** | *HK$'000* |
| | ***(unaudited)*** | *(unaudited)* |
| Profit before taxation has been arrived at after charging: | | |
| Depreciation and amortisation | | |
| – Property, plant and equipment | **18,375** | 18,029 |
| – Prepaid lease payments | **221** | 146 |
| Loss on disposal of property, plant and equipment | **176** | – |
| Allowance for doubtful debts | **40** | 525 |
| Allowance for obsolete and slow moving inventories | **261** | 2,881 |
| Operating lease rentals | **1,003** | 750 |
| Staff costs | **70,259** | 48,278 |

## 4. TAXATION

| | Six months ended 30 June | |
|---|---|---|
| | **2006** | 2005 |
| | ***HK$'000*** | *HK$'000* |
| | ***(unaudited)*** | *(unaudited)* |
| The charge comprises: | | |
| Hong Kong Profits Tax | **620** | 2,651 |
| PRC enterprise income tax | **693** | 2,371 |
| | **1,313** | 5,022 |
| Deferred taxation | **–** | (1,574) |
| | **1,313** | 3,448 |

Hong Kong Profits Tax is calculated at 17.5 per cent. (six months ended 30 June 2005: 17.5 per cent.) on the estimated assessable profit attributable to operation in Hong Kong during the period.

PRC enterprise income tax is calculated at the rates prevailing in relevant region of PRC.

## 5. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's unaudited net profit attributable to equity shareholders of the Company for the six months ended 30 June 2006 of approximately HK$12,419,000 (six months ended 30 June 2005: approximately HK$11,842,000) and the weighted average number of 548,736,556 ordinary shares (six months ended 30 June 2005: 550,776,000 ordinary shares) in issue during the period.

No fully diluted earnings per share has been presented because the Company did not have any outstanding share options in both periods under review.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Operational Review

Boosted by further improvement in operational efficiency and product sales strategy, the Group has delivered its overall good results with increase in both turnover and operating profit for the six months ended 30 June 2006.

For the six months ended 30 June 2006, the Group recorded a turnover of approximately HK$347,687,000, representing an increase of approximately 5.0 per cent. as compared with approximately HK$331,244,000 of the corresponding period in 2005.

Although the higher operating costs in the PRC for wages, electricity, transportation and material costs, the Group's gross margin grew by approximately 2.6 per cent. to approximately 18.5 per cent. when compared to the same period last year (six months ended 30 June 2005: 15.9 per cent.) because of the Group's effort on the control on its overall operation, efficient product strategy and cost control.

The period under review was a difficult one for the Group. While crude oil prices have been stabilised recently, it remains at high levels and the risk of volatility cannot be underestimated. High crude oil prices have helped to sustain the cost of petrochemical materials such as PVC for plastic materials, silicon rubber and also the materials and transportation costs, affecting the overall gross profit margin.

The management of the Group has implemented a series of tight cost control and operational efficiency in order to keep the product pricing at a profitable and acceptable level.

As a result of the Group's ongoing efforts in diversifying its products and increasing its productivity, the Group grew by approximately 4.9 per cent. and recorded a consolidated net profit for the six months ended 30 June 2006 of approximately HK$12,419,000 (six months ended 30 June 2005 : approximately HK$11,842,000).

### Electronic calculators and organisers

During the period under review, electronic calculators and organisers remain as the major core business of the Group and will continue to provide stable and substantial revenue and income to the Group's future developments.

In the last six months, the Group continued to gain market share in both electronic calculators and other OEM businesses.

For the six months ended 30 June 2006, the turnover of electronic calculators and organisers remained as the core revenue generator of the Group, increased by approximately 5.7 per cent. to approximately HK$237,309,000 (six months ended 30 June 2005: approximately HK$224,437,000). It accounted for approximately 68.3 per cent. of the Group's total turnover.

Sizeable orders from major customers, evolving favourable market and product trends, and the Group's effort to apply its electronic expertise to produce more sophisticated products across its entire portfolio were major factors underlying its good performance during the period under review. The research and development team together with the engineers are now putting efforts in targeting to achieve overall margin enhancement in all new design of products. During this continuing process, the aim of the management is to achieve long term profitability.

Apart from the continuous product development and process refinement, the Group's in-house engineering team and marketing team are capable of offering technical design and engineering support to customers, and which distinguish the Group from its competitors. Being able to offer one-stop service is crucial in helping the Group maintaining long-term relationships with major suppliers and customers.

During the period under review, the Group was under great pressure to control cost increases arising from higher materials costs especially plastic materials, rising inward freight and transportation costs initialed by rising fuel prices. Erratic electricity supply in the PRC that often caused production disruptions also added to operating costs, while insufficient skilled labour in the Pearl River Delta also impeded production and cost efficiency.

With the significant surge in administrative expenses and distribution costs such as operating lease rentals and staff costs, the operating results decreased by approximately 39.5 per cent., from approximately HK$27,272,000 for the six months ended 30 June 2005 to approximately HK$16,509,000 for current period.

### Conductive silicon rubber keypads

After the consolidation on the management of the business operations, key employees and client base of the conductive silicon rubber keypads business and high value-added plastic plus rubber ("P+R") telephone keypads products, the turnover for the six months ended 30 June 2006 contributed from the conductive silicon rubber keypads segment increased significantly by 55.9 per cent. to approximately HK$46,344,000 (six months ended 30 June 2005: approximately HK$29,725,000).

During the period under review, the Group is more diversified in terms of product mix, geographical coverage and customer base, and enjoys economies of scale. With the continuous keeping pace with customer expectations, increasing production volume and expansion of the vertical production line, the segment recorded an operating profit of approximately HK$2,249,000 (six months ended 30 June 2005: loss from operations of approximately HK$5,545,000).

The business becomes an increasingly important sector of the Group and contributed approximately 13.3 per cent. to the Group's turnover (six months ended 30 June 2005: 9.0 per cent.). The Directors are confident in the future prospects of the conductive silicon rubber keypads segment and believe that it will provide a positive contribution to the Group.

**Printed circuit boards ("PCB")**

As an essential supporting business to the Group's core businesses, the PCB segment also maintained a healthy sales growth for the period under review. With the increasing demand of the PCB market, the Group had reached the maximum capacity in the production facilities.

For the six months ended 30 June 2006, turnover derived from PCB segment reported approximately HK$64,034,000 with a slightly decrease as compared with prior year of approximately HK$73,090,000, representing approximately 18.4 per cent. of the turnover of the Group. The decrease in turnover was due to the retirement of equipment and machinery in the production lines.

The continuous increase of prices in raw materials and components is also a factor hindering the operating results in the PCB segment. During the period under review, the segment results from PCB business recorded an operating loss of approximately HK$2,612,000 for the six months ended 30 June 2006 (six months ended 30 June 2005: approximately HK$927,000).

The Group's PCB business did not perform as well as expected due to the excess production facility in the industry and rising raw material costs. With the expansion carrying out, the management is now working with customers and investors for planning on the vertical manufacturing units in the new factory complex. This will not only bring us a new business development on our product upgrade but also gives us opportunities for ensuring the continuous full capacity utilisation on our new factory production facilities.

**Other operations**

The other operations in the prior period represented the operation on electronic toys products, such as infant toys and electronic learning products. Owing to fierce competition, rising marketing costs and competitive pricing which adversely affected the results, the Group chose to restructure this part of investment and reallocated its resources to other major and core rewarding businesses including electronic calculators and organisers, conductive silicon rubber keypads, PCB and other OEM businesses.

During the period under review, this segment recorded an operating loss of approximately HK$270,000 (six months ended 30 June 2005: approximately HK$998,000).

**Cordless telephone products**

Ascalade Communications Inc. ("Ascalade Inc.") was successfully listed on the Toronto Stock Exchange ("TSX") in June 2005. The Group's attributable equity interest in Ascalade Inc. maintained at approximately 14.7 per cent. as at 30 June 2006. Same as the information contained in 2005 Annual Report, the Group is no longer in a position to exercise a significance influence over Ascalade Inc. as at 30 June 2006. Ascalade Inc. is classified as an available-for-sale investment.

With the interim results announced by Ascalade Inc., it continues to focus on increasing technological advancement with new areas such as VoIP (Voice over Internet Protocol) and WiFi (wireless fidelity), the Directors are confident in the future prospects of Ascalade Inc. and believe that such investment will give a positive contribution to the Group in long run. Additional information relating to Ascalade Inc. may be found at www.sedar.com.

Upon the release of first lock-up of Ascalade Inc.'s shares on 27 June 2006, the Directors consider that it is a prudent decision to realise part of the Group's investment in Ascalade Inc. through the disposal so as to balance its possible risk, enhance its liquidity and improve the cash flow within a relatively short period of time.

The Directors will update the shareholders on the progress when appropriate.

## INTERIM DIVIDEND

The Directors do not recommend of any interim dividend for the six months ended 30 June 2006 (six months ended 30 June 2005: nil).

## CAPITAL STRUCTURE

Shareholders' equity increased to approximately HK$450,928,000 as at 30 June 2006 from approximately HK$441,446,000 as at 31 December 2005. As at 30 June 2006, the short term and long term interest bearing debts to shareholders' equity was approximately 11.0 per cent. (as at 31 December 2005: approximately 13.1 per cent.).

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cashflow and banking facilities provided by its bankers.

Prudent financial management and selective investment criteria have enabled us to maintain a strong financial position. As at 30 June 2006, the Group has fixed deposits and cash balances aggregated to approximately HK$67,924,000 (as at 31 December 2005: approximately HK$92,064,000).

As at 30 June 2006, the Group had banking facilities amounted to an aggregate sum of approximately HK$271,150,000 (as at 31 December 2005: approximately HK$281,900,000) with various banks. Out of the trade and overdraft banking facilities of approximately HK$234,400,000 (as at 31 December 2005: approximately HK$234,400,000) in Hong Kong granted to the Group, approximately HK$4,255,000 (as at 31 December 2005: approximately HK$3,988,000) had been utilised as at 30 June 2006.

During the period under review, the Group repaid the term loan banking facilities of approximately HK$10,750,000.

As at 30 June 2006, the current ratio was approximately 1.3 (as at 31 December 2005: approximately 1.5) based on current assets of approximately HK$332,262,000 and current liabilities of approximately HK$255,664,000 and the quick ratio was approximately 0.9 (as at 31 December 2005: approximately 1.1).

As at 30 June 2006, total indebtedness including bank borrowings and obligations under finance lease contracts amounted to approximately HK$49,506,000 (as at 31 December 2005: approximately HK$57,860,000), representing approximately 11.0 per cent. of the total shareholders' equity (as at 31 December 2005: approximately 13.1 per cent.).

The Directors considered that the Group shall have sufficient financial resources to meet its future expansion plan and working capital requirement based on the net cash position and the availability of the existing banking facilities.

**FOREIGN EXCHANGE RISK MANAGEMENT**

Most of the Group's assets and liabilities, revenues and expenditures are either in Hong Kong dollars or the United States dollars. As a measure of additional prudence, the Group uses different derivative instruments to manage its exposure to foreign currency risks on the receivables and payables.

The fair value of the Group's outstanding derivative instruments as at 30 June 2006 represents the net amount the Group would receive/pay if these contracts were closed out at 30 June 2006. The gain was largely caused by a period-end premium in the forward currency markets for the Hong Kong dollars. The fair value of these outstanding derivatives has been recognised as assets or liabilities.

The exposure to foreign currency of the Group mainly arose from the net cash flow and the net working capital translation of its PRC subsidiaries. The management of the Group will actively hedge the foreign currency exposures through natural hedges, forward contracts and options. Speculative currency transactions are strictly prohibited. The management of currency risk is centralised in the headquarter of the Group in Hong Kong.

Apart from the above, most of the Group's assets and liabilities, revenues and expenditure are either in Hong Kong dollars or United States dollars. Therefore, the Directors consider the exposure risk to foreign currency fluctuations is minimal.

**EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2006, the Group employed approximately 7,770 full time employees, out of which approximately 90 were based in Hong Kong and approximately 7,680 were based in the PRC. The Group remunerated its employees on the basis of industry's practice and the performance of individual employee. Employees may also participate in the share option scheme of the Company.

**FUTURE PLANS AND PROSPECTS**

The global economy continued to grow during the period, despite rising US dollar interest rates and a high energy price movement. Looking ahead, interest rates are expected to stabilise and all of the Group's established businesses will continue to perform well.

The results for the first half of 2006 reflect the continued strength of the established businesses, the improving results from the conductive silicon rubber keypads operations and the prudent financial management of the Group.

Looking ahead into the second half, the growth prospects across our various business segments continue to be positive and enhancing by different business opportunities. On top of that the management will also continue to explore opportunities with lucrative margins and growth potentials.

The Group values its relationship with its customers through continual dedication to strengthening its sales services, including sales support, marketing and after-sales services, reinforcing its corporate image and expanding its customer network. Moreover, the Group also focuses on new products development and product quality improvement to enhance production efficiency.

The Group is expanding and strengthening the PCB segment. The construction of the new factory complex in Dongguan, Guangdong province is on schedule and trial production is expected in the second half of 2006. With the continuous growth of the PCB global market and the new factory complex coming on stream, the Group is well poised to seize growth opportunities in the PCB segment that will achieve greater value to the Group.

To capitalize on the conductive silicon rubber keypads and P+R telephone keypads industry upcycle, the Group will continue to add new manufacturing facilities in the PRC. Our new roller production line in Dongguan, Guangdong province is expected to commence operation in the second half of 2006.

All of these new investments will expect to give a positive contribution to the Group and in the best interests of all of our shareholders. The Directors are confident the Group will continue to perform well in the second half of the year.

**CORPORATE GOVERNANCE**

The Company is committed to attaining good standard of corporate governance practices with an emphasis on a quality board, better transparency, and effective accountability system in order to enhance shareholders' value. Detailed disclosure of the Company's corporate governance practices is available in the 2005 Annual Report.

## COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the six months ended 30 June 2006, save for the deviation that under the code provision A.2.1, the roles of chairman and chief executive officer ("CEO") of the Company should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. The roles of the chairman and the CEO of the Company are not separated and are performed by the same individual, Mr. Tong Shek Lun. The Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

## AUDIT COMMITTEE

The Audit Committee (the "Committee") has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including a review of the unaudited consolidated interim results for the six months ended 30 June 2006.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has repurchased a total of 5,816,000 shares at prices ranging from HK$0.265 to HK$0.375 per share on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and these shares were subsequently cancelled by the Company during the period. Apart from this, the Company has not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold, the Company's listed securities for the six months ended 30 June 2006.

## PUBLICATION OF OTHER FINANCIAL INFORMATION

Other financial information containing all the information required by Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be published on The Stock Exchange of Hong Kong Limited's website in due course.

By Order of the Board
**Tong Shek Lun**
*Chairman and Managing Director*

*As at the date of this announcement, the Board consists of three executive Directors, Mr. Tong Shek Lun, Ms. Ko Lai King, Kinny and Ms. Chung Wai Yu, Regina, two non-executive Directors, Mr. Lee Kwok Leung and Mr. Yang Yiu Chong, Ronald Jeffrey and three independent non-executive Directors, Mr. Sun Yaoquan, Mr. Goh Gen Cheung and Mr. Chan Ho Man.*

Hong Kong, 11 September 2006

* *For identification only*

Please also refer to the published version of this announcement in The Standard.