



Interim Report **2006-2007**



有利集團有限公司
Yau Lee Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock code: 406)

The Board of Directors (the "Directors") of Yau Lee Holdings Limited (the "Company") is pleased to announce that the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2006:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

	<i>Note</i>	2006 HK\$'000	2005 <i>HK\$'000</i>
Turnover	2	909,004	665,673
Cost of sales		(849,823)	(613,632)
Gross profit		59,181	52,041
Other revenues		5,128	2,849
General and administrative expenses		(63,609)	(47,917)
Other operating expenses, net		(452)	(2,498)
Fair value gain on investment properties		11,000	4,000
Operating profit	3	11,248	8,475
Finance costs		(20,331)	(6,092)
Share of loss of a jointly controlled entity		-	(182)
(Loss)/profit before income tax		(9,083)	2,201
Income tax expense – Company and subsidiaries	4	(350)	(1,172)
(Loss)/profit for the period		(9,433)	1,029
Attributable to:			
Equity holders of the Company		(9,448)	1,071
Minority interests		15	(42)
		(9,433)	1,029
Interim dividend	5	-	-
(Loss)/earnings per share	6	(2.14 cents)	0.24 cents

UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2006

		30th September 2006 HK\$'000	31st March 2006 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	7	300,372	303,543
Investment properties	7	310,000	299,000
Leasehold land	7	352,680	353,321
Associated companies		39	39
Deferred income tax assets		30	30
Other non-current assets		24,164	29,779
		987,285	985,712
Current assets			
Cash and bank balances		30,368	90,183
Restricted deposits		175,159	167,513
Trade debtors, net	8	371,461	171,235
Inventories		17,154	11,599
Prepayments, deposits and other receivables		78,809	63,516
Prepaid income tax		1,871	1,783
Due from customers on construction contracts		329,786	299,423
Financial assets at fair value through profit or loss		5,048	4,973
Due from associated companies		9,771	9,730
Due from jointly controlled entity		1,571	-
Due from related parties		30	30
		1,021,028	819,985
Total assets		2,008,313	1,805,697
EQUITY			
Share capital	9	88,190	88,190
Other reserves		416,515	416,515
Retained profits		299,370	308,818
Equity holders		804,075	813,523
Minority interests		824	809
Total equity		804,899	814,332

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30TH SEPTEMBER 2006

	30th September 2006 <i>Note</i> HK\$'000	31st March 2006 <i>HK\$'000</i>
LIABILITIES		
Non-current liabilities		
Long-term borrowings	417,455	427,285
Deferred income tax liabilities	53,092	53,102
	470,547	480,387
Current liabilities		
Bank overdrafts-secured	123,362	1,549
Short-term bank loans-secured	326,740	283,954
Current portion of long-term borrowings-secured	21,927	21,655
Payable to suppliers and subcontractors	105,777	102,802
Accruals, retentions payable and other liabilities	129,059	88,542
Income tax payable	1,148	790
Due to customers on construction contracts	24,854	2,479
Due to jointly controlled entity	-	9,207
	732,867	510,978
Total liabilities	1,203,414	991,365
Total equity and liabilities	2,008,313	1,805,697
Net current assets	288,161	309,007
Total assets less current liabilities	1,275,446	1,294,719

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

Attributable to equity holders of the Company

	Share capital	Share premium	Capital redemption reserve	Currency translation reserve	Retained Profits	Minority interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1st April 2006	88,190	415,430	359	726	308,818	809	814,332
Loss for the period	-	-	-	-	(9,448)	15	(9,433)
As at 30th September 2006	88,190	415,430	359	726	299,370	824	804,899
As at 1st April 2005	88,190	415,430	359	-	310,158	4,003	818,140
Profit for the period	-	-	-	-	1,071	(42)	1,029
Dividend	-	-	-	-	(3,307)	-	(3,307)
As at 30th September 2005	88,190	415,430	359	-	307,922	3,961	815,862

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

	2006 HK\$'000	2005 HK\$'000
Net cash flows used in operating activities	(184,479)	(48,478)
Net cash flows used in investing activities	(2,535)	(18,723)
Net cash flows from financing activities	5,386	101,814
	<hr/>	<hr/>
(Decrease)/increase in cash and cash equivalents	(181,628)	34,613
Cash and cash equivalents, beginning of period	88,634	5,533
	<hr/>	<hr/>
Cash and cash equivalents, end of period	(92,994)	40,146
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Cash and bank balances	30,368	69,364
Bank overdrafts – secured	(123,362)	(29,218)
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	(92,994)	40,146
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NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

The interim financial information has not been audited by the auditors of the Group but has been reviewed by the Group's Audit Committee.

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This unaudited condensed consolidated financial information should be read in conjunction with the 2006 annual financial statements.

The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st March 2006. The HKICPA has issued certain new standards, interpretations and amendments to existing standards (collectively "New Standards") which are effective for accounting periods commencing on or after 1st January 2006. The Group has assessed the impact of these New Standards and concluded that the adoption of these New Standards in the current period did not have any material impact on this interim financial information.

2. Turnover and segment information

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Turnover		
Construction	850,384	631,146
Building materials trading	12,168	25,887
Property investment	42,796	6,180
Others	3,656	2,460
	909,004	665,673

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

2. Turnover and segment information *(continued)*

Primary reporting format – business segments

The Group is principally engaged in contracting of building construction, plumbing, maintenance and fitting-out projects, building materials trading, property leasing and operating a hotel in Hong Kong. The Group is organised into three main business segments:

- Construction – Contracting of building construction, plumbing, maintenance and fitting-out projects in Hong Kong
- Building materials trading – Trading of construction and building materials
- Property investment – Property leasing and operating a hotel in Hong Kong

Other operations of the Group mainly comprise of computer software development and provision of website hosting services, which is not of a sufficient size to be reported separately.

The segment information for the six months ended 30th September 2005 has been restated to conform the primary reporting format used in the current interim period. The Directors are of the opinion that the current primary reporting format is more appropriate.

Secondary reporting format – geographical segments

The Group's operation is primarily conducted in Hong Kong and over 90% of the Group's assets are located in Hong Kong. Therefore, no geographical segment information is presented.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (CONTINUED)

2. Turnover and segment information (continued)

Primary reporting format – business segments

	For the six months ended 30th September 2006					Total HK\$'000
	Construction HK\$'000	Building materials trading HK\$'000	Property investment HK\$'000	Others HK\$'000	Elimination HK\$'000	
External sales	850,384	12,168	42,796	3,656	-	909,004
Intersegment sales	392	50,544	-	1,346	(52,282)	-
Total sales	850,776	62,712	42,796	5,002	(52,282)	909,004
Segment results	(14,025)	(173)	25,868	(4,580)	(433)	6,657
Unallocated income						4,591
Operating profit						11,248
Finance costs	(8,622)	(19)	(11,690)	-		(20,331)
Loss before income tax						(9,083)
Income tax expense						(350)
Loss for the period						(9,433)
Capital expenditure	(3,493)	(3,655)	(3,523)	(94)		(10,765)
Depreciation	(2,581)	(1,892)	(5,911)	(455)		(10,839)
Amortisation of leasehold land	(87)	-	(180)	(374)		(641)
Fair value gain on investment properties	-	-	11,000	-		11,000

As at 30th September 2006

	As at 30th September 2006					Total HK\$'000
	Construction HK\$'000	Building materials trading HK\$'000	Property investment HK\$'000	Others HK\$'000	Elimination HK\$'000	
Segment assets	975,850	107,957	845,769	55,652		1,985,228
Associated companies	-	-	-	9,771		9,771
Unallocated assets						13,314
Total assets						2,008,313
Segment liabilities	(678,002)	(20,679)	(446,751)	(3,708)		(1,149,140)
Unallocated liabilities						(54,274)
Total liabilities						(1,203,414)

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (CONTINUED)

2. Turnover and segment information (continued)

Primary reporting format – business segments (continued)

	For the six months ended 30th September 2005 (restated)					
		Building materials	Property	Others	Elimination	Total
	Construction	trading	investment			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
External sales	631,146	25,887	6,180	2,460	-	665,673
Intersegment sales	-	12,516	-	1,346	(13,862)	-
Total sales	631,146	38,403	6,180	3,806	(13,862)	665,673
Segment results	9,383	(1,561)	4,114	(6,364)	(17)	5,555
Unallocated income						2,920
Operating profit						8,475
Finance costs	(6,092)	-	-	-	-	(6,092)
Share of loss of a jointly controlled entity	(182)	-	-	-	-	(182)
Profit before income tax						2,201
Income tax expense						(1,172)
Profit for the period						1,029
Capital expenditure	(8,171)	(4,227)	(20,307)	(149)		(32,854)
Depreciation	(4,298)	(4,752)	-	(457)		(9,507)
Amortisation of leasehold land	(59)	-	(102)	(374)		(535)
Fair value gain on investment properties	-	-	4,000	-		4,000

	As at 30th September 2005 (restated)					
		Building materials	Property	Others	Elimination	Total
	Construction	trading	investment			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	737,403	121,230	826,158	62,580		1,747,371
Jointly controlled entity	328	-	-	-		328
Associated companies	-	-	-	12,204		12,204
Unallocated assets						17,134
Total assets						1,777,037
Segment liabilities	(526,695)	(23,206)	(354,537)	(2,386)		(906,824)
Unallocated liabilities						(54,351)
Total liabilities						(961,175)

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. Operating profit

Operating profit is arrived at after charging/(crediting) the following:

	Six months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Depreciation		
Owned property, plant and equipment	10,444	9,120
Leased property, plant and equipment	395	387
Gain on disposal of property, plant and equipment	(4)	-
Amortisation of leasehold land	641	535
	11,436	10,032

4. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits for the period. Overseas taxation has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdictions.

The amount of income tax charged to the unaudited condensed income statement represents:

	Six months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Hong Kong profits tax	149	1,064
Overseas tax	201	108
	350	1,172

5. Dividend

	Six months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Interim dividend of Nil (2005: Nil) per share	-	-

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (CONTINUED)

6. (Loss)/earnings per share

Loss per share has been calculated base on the Group's unaudited loss attributable to equity holders of the Company of HK\$9,448,000 (2005: profit of HK\$1,071,000) and 440,949,600 shares (2005: 440,949,600 shares) in issue during the period.

Diluted earnings per share for the periods ended 30th September 2006 and 2005 are not presented as there are no potential dilutive shares outstanding during the periods.

7. Capital expenditure

	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Leasehold land <i>HK\$'000</i>
Net book amount as at 1st April 2006	303,543	299,000	353,321
Additions	10,765	-	-
Disposals	(3,097)	-	-
Fair value gain	-	11,000	-
Depreciation/amortisation charge <i>(note 3)</i>	(10,839)	-	(641)
	300,372	310,000	352,680
Net book amount as at 30th September 2006			
Net book amount as at 1st April 2005	291,889	290,000	342,189
Additions	32,854	-	-
Disposals	(1,775)	-	-
Fair value gain	-	4,000	-
Depreciation/amortisation charge <i>(note 3)</i>	(9,507)	-	(535)
	313,461	294,000	341,654
Net book amount as at 30th September 2005			

As at 30th September 2006, the net book value of property, plant and equipment, investment properties and leasehold land pledged as security for the bank loan of the Group amounted to approximately HK\$824,000,000.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (CONTINUED)

8. Trade debtors, net

Trade debts are due after 21 days to one year depending on the nature of services or products.

The aging analysis of trade debtors is as follows:

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
Not yet due	351,887	138,003
Overdue by:		
1 – 30 days	9,432	16,998
31 – 90 days	1,090	3,788
91 –180 days	34	3,045
Over 180 days	9,018	9,401
	371,461	171,235

9. Share capital

There were no movements in the share capital of the Company in the reporting period.

10. Payable to suppliers and subcontractors

The aging analysis of payable to suppliers and subcontractors is as follows:

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
Not yet due	94,840	102,133
Overdue by:		
1 – 30 days	9,527	313
31 – 90 days	984	24
91 –180 days	278	3
Over 180 days	148	329
	105,777	102,802

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (CONTINUED)

11. Contingent liabilities

In last year, the Group received a statement of claims for an aggregate amount of approximately HK\$4.2 million for alleged breach of contract and uncertified workdone in connection with a design work contract. Financial exposures arising from the claims have been assessed by the Directors with reference to legal advice. Based on this advice, the Directors do not consider that any significant adverse financial impact will crystallise in respect of the claims and accordingly, no provision was made as at 30th September 2006.

INTERIM DIVIDEND

The Board of Directors of the Company ("the Directors") does not recommend the payment of an interim dividend for the six months ended 30th September 2006 (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results and operation

The turnover for the six months ended 30th September 2006 has increased by 36.55% to HK\$909,004,000 when compare with the turnover of HK\$665,673,000 for the same period last year. The gross profit for the period has increased from HK\$52,041,000 in 2005 to HK\$59,181,000 this period. The operating profit for the period has increased to HK\$11,248,000 (30th September 2005: HK\$8,475,000) due to increase in fair value gain on the Group's investment properties for the period from HK\$4,000,000 in 2005 to HK\$11,000,000 in 2006. Excluding the fair value gain on investment properties, the operating profit for the period has decreased from HK\$4,475,000 in 2005 to HK\$248,000 this period as a result of exceptional provision for foreseeable loss for certain construction contracts being undertaken by the Group and with the effect of increased finance costs, the Group suffered a loss for the period. The Management is reviewing various operation process with an aim to save cost and improve cash flow hence relieve the Group's heavy financial burden. The slower than expected recovery of local construction market has also affected the Group's operating results during the six months ended 30th September 2006. The increasing price of raw materials and greater demand for professionals and technical staffs has increased our cost and administrative cost respectively.

The joint venture between the Group and a Canadian Company is undertaking an internal fitting out contract for the Venetian in Macau. As it is still at the early stage, there was no contribution to the results for this period.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Results and operation *(continued)*

The investment properties of the Group has been performing well, all units for lease were fully let as of 30th September 2006 and generated a rental income of approximately HK\$6,000,000 during the six months ended 30th September 2006. The six months operation of hotel generated a turnover of approximately HK\$37,000,000. With the high and increasing occupancy rate and average room rate, the Management believes the hotel business and the lease of retail shops can generate a constant stream of income to the Group.

As at the date of this report the total contract sum of the Group's construction contracts in hand is approximately HK\$3,813,000,000. Contracts secured during the period including the completion contract for the construction of Fanling area 36 phase 1 and Kwai Chung (district open space) phase 2A and Kwai Chung estate (lift tower and footbridge) phase 5A with contract value of HK\$552,000,000 and HK\$77,000,000 respectively. Three contracts with total contract sum of HK\$261,000,000 were completed during the period.

Value of Contracts in hand

HK\$ Million

As at 31st March 2006	3,445
Secured during the period from 1st April 2006 to 30th September 2006	629
Completed during the period from 1st April 2006 to 30th September 2006	(261)
	<hr/>
As at 30th September 2006	3,813
Secured subsequent to 30th September 2006	-
	<hr/>
As at the date of this report	<u>3,813</u>

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Financial Position

At 30th September 2006, the Group's total cash in hand was HK\$206 million (31st March 2006: HK\$258 million) while total bank borrowings increased from HK\$732 million in 31st March 2006 to HK\$887 million. The increase in bank borrowings was due to the additional working capital requirement for construction contracts in hand. The Group's net debt (total bank borrowings less total cash in hand) to equity ratio increased to at 84.6% (31st March 2006: 58.3%). If the HK\$437 million (31st March 2006: HK\$447 million) long-term loan secured by the Group's hotel and investment properties is excluded, the Group has a net debt of HK\$244 million (31st March 2006: HK\$27 million) representing a net debt to equity ratio of 30.3% (31st March 2006: 3.4%). The current ratio (total current assets: total current liabilities) has decreased from 1.6 to 1.4 as compared to 31st March 2006.

The bank overdrafts, short-term and long-term bank borrowings are secured by the Group's investment properties, leasehold land, certain property, plant and equipment, investments in unit trust and certain time deposits.

Human Resources

As at 30th September 2006, the Group employed approximately 1,000 employees in Hong Kong and Macau and approximately 1,280 employees in Mainland China.

Employees in Hong Kong and Macau are either paid on a monthly salary basis or daily wages basis. Salaried employees are entitled to benefits according to seniority and position such as discretionary bonus which are based on their performance, double pay, defined contribution provident funds, annual leave, employer sponsored trainings and others.

Employees in Mainland China are remunerated according to the prevailing market conditions in the location of their employment.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Outlook

The public construction market in Hong Kong is beginning to improve. A number of large design and build contracts is being tendered. The Group is actively tendering for these opportunities. The Group has also formed joint ventures with various partners to tender for certain of the larger projects. With the increased opportunities, the Management believes the operation performance of the Group will be improved in due course. The high interest rate together with the increased working capital requirements increased the Group's finance burden significantly. The Management also believes that the peak for working capital demand is passed and the financial position of the Group will be improved gradually. With the ample demand for construction in the Macau market, the management shall continue to look for opportunities in Macau.

The Group's hotel and retail property in Sharp Street East Causeway Bay contributed a reasonable return to the Group. With the positive outlook of the hotel industry and retail premises leasing market, it is expected that the property can generate better contribution to the Group's results in the years to come.

DIRECTORS' INTERESTS

At 30th September 2006, the interests of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Shares of HK\$0.2 each in the Company

Director	Number of shares held	
	Corporate interest	Percentage
Mr. Wong Ip Kuen	234,033,599	53.07%

DIRECTORS' INTERESTS (CONTINUED)

The shares referred to above are registered in the names of All Fine Investment Company Limited and Billion Goal Holdings Limited with respective registered holding of 230,679,599 shares and 3,354,000 shares. Mr. Wong Ip Kuen owns the entire issued share capital of All Fine Holdings Company Limited and Billion Goal Holdings Limited. All Fine Holdings Company Limited owns the entire issued share capital of All Fine Investment Company Limited, both of which are companies incorporated in the Cook Islands. Billion Goal Holdings Limited is a company incorporated in the British Virgin Islands. Mr. Wong Ip Kuen is a director of All Fine Holdings Company Limited, All Fine Investment Company Limited and Billion Goal Holdings Limited.

During the period ended 30th September 2006, none of the Directors and chief executives (including their spouses and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares or debentures of the Company and its associated corporations (within the meaning of the SFO).

At no time during the period was the Company, its subsidiaries, its associated companies or its jointly controlled entity a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF THE COMPANY

At 30th September 2006, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and chief executives as disclosed above.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's unaudited interim results.

CORPORATE GOVERNANCE

During the six months ended 30th September 2006, the Company has complied with all the code provisions and certain recommended best practices set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for code provision A.2.1 and A.4.2 of the Code which stated below.

Code Provision A.2.1 requires the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. To make and to facilitate the implementation of decisions promptly and efficiently, the Company has not separated the roles of the Chairman and the Chief Executive which are performed by the same individual, Mr. Wong Ip Kuen.

Code Provision A.4.2 requires every director should be subject to retirement by rotation at least once every three years, but in accordance with the Bye-laws which stipulates that one-third of the directors of the Company, except director holding office as Chairman, should be subject to retirement by rotation at each annual general meeting.

Code Provision A.4.2 also requires all directors appointed to fill in a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In accordance with the Bye-laws of the Company, any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. The Board of the Company considers that the impact of deviation is immaterial and casual vacancy does not happen frequently.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the requirements of the Model Code as set out in Appendix 10 of the Listing Rules regarding the securities transactions of the Directors of the Company. Having made specific enquiry of all Directors of the Company, they have confirmed that they complied with the required standard set out in the Model Code during the accounting period covered by this interim report.

By order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 21st December 2006