



TERN PROPERTIES COMPANY LIMITED

INTERIM REPORT 2005/2006

The Board of Directors of Tern Properties Company Limited (“the Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (“the Group”) for the six months ended 30 September 2005, together with the comparative figures for the corresponding period in the previous year are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2005

		Six months ended	
		30 September	
	<i>Notes</i>	2005	2004
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Turnover		77,193	43,493
Cost of other investments disposed of		(58,772)	(28,722)
Property expenses		(1,065)	(1,023)
Unrealised gain on financial assets at fair value through profit or loss		<u>548</u>	<u>98</u>
Gross profit		17,904	13,846
Interest income		2,125	2,269
Other operating income		312	246
Administrative expenses		(6,874)	(6,219)
Gain on disposal of investment properties		<u>–</u>	<u>2,624</u>
Profit from operations	4	<u>13,467</u>	12,766
Finance costs		(2,416)	(752)
Share of results of associates		<u>4,186</u>	<u>3,020</u>
Profit before taxation		15,237	15,034
Taxation	5	<u>(1,789)</u>	<u>(1,331)</u>
Profit for the period		<u><u>13,448</u></u>	<u><u>13,703</u></u>
Dividend	6	<u><u>4,617</u></u>	<u><u>3,694</u></u>
Earnings per share	7	<u><u>HK4.37 cents</u></u>	<u><u>HK4.45 cents</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2005

	Notes	30 September 2005 HK\$'000 (Unaudited)	31 March 2005 HK\$'000 (Audited)
Non-current assets			
Investment properties	8	992,709	977,127
Property, plant and equipment		3,436	3,369
Leasehold premiums for land		16,077	16,123
Interests in associates		248,145	252,974
Club debentures		2,160	2,160
		<u>1,262,527</u>	<u>1,251,753</u>
Current assets			
Trade and other receivables	9	2,445	3,244
Deposit for acquisition of investment properties		1,229	–
Financial assets at fair value through profit or loss		47,374	76,172
Leasehold premiums for land – current portion		93	93
Bank balances and cash		13,396	12,511
		<u>64,537</u>	<u>92,020</u>
Current liabilities			
Trade and other payables	10	5,847	5,292
Rental deposits from tenants		9,440	9,182
Tax liabilities		2,026	1,294
Secured bank loans – due within one year		117	353
		<u>17,430</u>	<u>16,121</u>
Net current assets		<u>47,107</u>	<u>75,899</u>
Non-current liabilities			
Deferred tax liabilities		8,836	8,294
Secured bank loans – due after one year		145,552	171,404
		<u>154,388</u>	<u>179,698</u>
		<u>1,155,246</u>	<u>1,147,954</u>
Capital and reserves			
Share capital	11	153,906	153,906
Reserves		1,001,340	994,048
		<u>1,155,246</u>	<u>1,147,954</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2005

(Unaudited)

	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Investment property revaluation reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Dividend reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2004							
– As previously reported	153,906	72,818	215,893	2,662	9,234	282,207	736,720
– Adoption of HKAS 40	–	–	(215,893)	–	–	215,893	–
– As restated	153,906	72,818	–	2,662	9,234	498,100	736,720
Profit for the period	–	–	–	–	–	13,703	13,703
Dividends declared	–	–	–	–	3,694	(3,694)	–
Dividends paid	–	–	–	–	(9,234)	–	(9,234)
At 30 September 2004	<u>153,906</u>	<u>72,818</u>	<u>–</u>	<u>2,662</u>	<u>3,694</u>	<u>508,109</u>	<u>741,189</u>
At 1 April 2005	153,906	72,818	–	2,662	6,156	912,412	1,147,954
Profit for the period	–	–	–	–	–	13,448	13,448
Dividends declared	–	–	–	–	4,617	(4,617)	–
Dividends paid	–	–	–	–	(6,156)	–	(6,156)
At 30 September 2005	<u>153,906</u>	<u>72,818</u>	<u>–</u>	<u>2,662</u>	<u>4,617</u>	<u>921,243</u>	<u>1,155,246</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2005

	Six month ended 30 September	
	2005 <i>HK\$'000</i> (Unaudited)	2004 <i>HK\$'000</i> (Unaudited) (Restated)
Net cash from operating activities	9,944	12,892
Net cash from investing activities	25,767	30,226
Net cash used in financing activities	<u>(34,826)</u>	<u>(45,969)</u>
Net increase (decrease) in cash and cash equivalents	885	(2,851)
Cash and cash equivalents at beginning of the period	<u>12,511</u>	<u>5,183</u>
Cash and cash equivalents at end of the period	<u>13,396</u>	<u>2,332</u>
Analysis of cash and cash equivalents		
Bank balances and cash	13,396	16,258
Bank overdrafts	<u>—</u>	<u>(13,926)</u>
	<u>13,396</u>	<u>2,332</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2005

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain investment properties and investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2005.

3. SEGMENT INFORMATION

Business segment

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

Segment information about these businesses is presented below:

Six months ended 30 September 2005

	Property leasing HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
Turnover	<u>17,676</u>	<u>59,517</u>	<u>77,193</u>
Segment result	<u>10,122</u>	<u>3,345</u>	<u>13,467</u>
Profit from operations			13,467
Finance costs			(2,416)
Share of results of associates	<u>4,050</u>	<u>136</u>	<u>4,186</u>
Profit before taxation			15,237
Taxation			<u>(1,789)</u>
Profit for the period			<u>13,448</u>

Six months ended 30 September 2004

	Property leasing <i>HK\$'000</i> (Restated)	Securities investment <i>HK\$'000</i> (Restated)	Consolidated <i>HK\$'000</i> (Restated)
Turnover	14,598	28,895	43,493
Segment result	10,542	2,224	12,766
Profit from operations			12,766
Finance costs			(752)
Share of results of associates	3,020	–	3,020
Profit before taxation			15,034
Taxation			(1,331)
Profit for the period			13,703

4. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	Six months ended 30 September	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i> (Restated)
Auditors' remuneration	130	125
Depreciation	390	370
Amortisation on leasehold premiums for land	46	46
Staff costs (including Directors' remuneration)	3,307	3,287
Mandatory provident fund contributions	43	43
Total staff costs	3,350	3,330
and after crediting:		
Exchange gain	279	203
Dividend income	240	121
Gain on disposal of financial assets at fair value through profit or loss	506	173
Gross rental income from investment properties	17,676	14,598
Less: Outgoings	(1,065)	(1,023)
Net rental income	16,611	13,575

5. TAXATION

	Six months ended 30 September	
	2005	2004
	HK\$'000	HK\$'000
The charge comprises:		
Company and subsidiaries		
Hong Kong Profits Tax		
Current period	732	656
Share of tax on results of associates	287	303
	<u>1,019</u>	<u>959</u>
Deferred tax		
Current period	542	144
Share of taxation attributable to associates	228	228
	<u>1,789</u>	<u>1,331</u>

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for the period.

6. DIVIDEND

On 7 September 2005, a dividend of HK2.0 cents per share was paid to shareholders as the final dividend for 2005.

The Board of Directors has declared an interim dividend of HK1.5 cents (2004: HK1.2 cents) per share amounting to HK\$4,617,000 payable on 11 January 2006 to the shareholders whose names appear on the Register of Members on 3 January 2006.

7. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit for the period of HK\$13,448,000 (2004: HK\$13,703,000) and on 307,812,522 (2004: 307,812,522) ordinary shares in issue during the period.

No diluted earnings per share has been presented as there were no dilutive potential shares in issue in either period.

8. INVESTMENT PROPERTIES

At 30 September 2005, the directors have considered the carrying amount of the Group's investment properties do not differ significantly from those which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

During the period, the Group acquired the investment properties amounted to HK\$15,139,615.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables was rental receivable of HK\$462,000 (31 March 2005: HK\$385,000) with defined credit policy. The rental income was billed in advance each month and settlement was expected upon presentation of billing.

All the rental receivable at the balance sheet date had an aging of less than 90 days.

10. TRADE AND OTHER PAYABLES

Included in trade and other payables was rental receipt in advance of HK\$604,000 (31 March 2005: HK\$552,000).

All the rental receipt in advance at the balance sheet date had an aging of less than 90 days.

11. SHARE CAPITAL

	Number of ordinary shares of HK\$0.5 each		Nominal value	
	30 September 2005	31 March 2005	30 September 2005 <i>HK\$'000</i>	31 March 2005 <i>HK\$'000</i>
THE COMPANY				
Authorised	<u>400,000,000</u>	<u>400,000,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid	<u>307,812,522</u>	<u>307,812,522</u>	<u>153,906</u>	<u>153,906</u>

There were no movements in the share capital of the Company for the six months ended 30 September 2005.

12. RELATED PARTY TRANSACTIONS

During the period, the Group received office rental income of HK\$150,000 (2004: HK\$150,000) from an associate of the Company, Win Easy Development Limited (“Win Easy”).

13. CAPITAL COMMITMENTS

At 30 September 2005, the Group had capital commitment of HK\$6,441,000 for the acquisition of investment properties.

14. CONTINGENT LIABILITIES

At 30 September 2005, the Company had contingent liabilities of HK\$100,000,000 which was resulted from the Corporate Guarantee granted by the Company in favour of a licensed bank. The bank provided a revolving loan facility of HK\$100,000,000 and a term loan facility of HK\$100,000,000 to Win Easy, a principal associate of the Company.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK1.5 cents for the six months ended 30 September 2005 (2004: HK1.2 cents) per share payable on 11 January 2006 to the shareholders whose names appear on the Register of Members on 3 January 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 3 January 2006 to Thursday, 5 January 2006, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Registrars, Computershare Hong Kong Investor Services Limited, Shops No. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, 30 December 2005.

BUSINESS REVIEW AND PROSPECT

The Group's gross rental income including its share from an associate for the six months ended 30 September 2005 amounted to HK\$23.0 million, an increase of 20.4% from the same period of prior year. The Group's profit for the period amounted to HK\$13.4 million, a decrease of 1.9% from the same period of prior year. An interim dividend of HK1.5 cents per share was declared, an increase of 25.0% from the same period of prior year.

During the period, the Group recorded a substantial increase in the gross rental income due to the purchase of Shop F in Burlington House, Tsimshatsui and the upward revision of rental rates for the Group's shops and office properties. The Group's rental portfolio continued to achieve a high average occupancy rate of 98.5% during the period.

During the period, the Group's interest income generated from the investments in debt securities including its share from an associate amounted to HK\$2.8 million, an increase of 22.8% from the same period of prior year. These investments continued to focus on international quality corporate or banking debt securities with comparatively high yield and low risk.

The mainland economy is maintaining its brisk pace despite high international oil price. The high oil price is driving up the cost of production and is inflationary on the global economy. Furthermore Hong Kong is raising interest rate in tandem with the United States. Higher interest rate will eventually have a negative impact on investment and consumer spending. Therefore the local economy will need to overcome some uncertain factors next year.

In the local residential property market, trading activities will continue to slow down in view of the rising interest rate. On the other hand, the capital and rental value of shops and office properties remain at high level amid the buoyant local economy. Nevertheless the general property market is expected to turn moderate next year. The Group's rental income will continue to increase in the coming year upon renewal of the Group's investment property leases at market rental.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation

During the period, the Group continued to hold quality commercial properties for rental income and invest in debt securities for interest income purposes. The Group's turnover for the six months ended 30 September 2005 amounted to HK\$77.2 million (2004: HK\$43.5 million), an increase of 77.5% from the same period of prior year. The increase was due to higher rental income and more trading of securities during the period.

The Group's gross rental income for the six months ended 30 September 2005 amounted to HK\$17.7 million (2004: HK\$14.6 million), an increase of 21.1% from the same period of prior year. The increase was due to the rental income generated from the purchase of Shop F, Burlington House and the upward revision of rental rates for the Group's shops and office properties during the period. The Group's share of gross rental income from an associate amounted to HK\$5.3 million (2004: HK\$4.5 million), an increase of 18.2% from the same period of prior year.

The Group's sale of debt securities and listed shares for the six months ended 30 September 2005 amounted to HK\$59.3 million (2004: HK\$28.8 million). The increase in turnover was due to the adjustment of the Group's investment portfolio in debt securities in view of the rising interest rate during the period. At 30 September 2005, the Group held a total of HK\$47.4 million (31 March 2005: HK\$65.4 million) in investments in debt securities, a decrease of HK\$18.0 million from the previous year-end.

Results

The Group's profit for the six months ended 30 September 2005 amounted to HK\$13.4 million (2004: HK\$13.7 million), a decrease of 1.9% from the same period of prior year. The decrease was due to higher interest expense during the period and the result in the same period of prior year included a profit on disposal of non-core investment properties, offset by higher rental income, higher profit from sale of listed shares, unrealised holding gain on debt securities and higher profit contribution from an associate. The Group's share of results of associates after taxation amounted to HK\$3.7 million (2004: HK\$2.5 million), an increase of 47.4% from the same period of prior year. The increase was due to higher rental income and interest income from investments in debt securities during the period.

Earnings per share for the six months ended 30 September 2005 were HK4.37 cents (2004: HK4.45 cents), a decrease of 1.9% from the same period of prior year. The declared interim dividend was HK1.5 cents (2004: HK1.2 cents) per share, an increase of 25.0% from that of the same period of prior year.

Bank Borrowings and Finance Costs

At 30 September 2005, the Group's banking facilities amounting HK\$311.7 million (31 March 2005: HK\$329.3 million) were secured by its land and buildings and investment properties with an aggregate carrying value amounting HK\$878.9 million (31 March 2005: HK\$896.7 million). At 30 September 2005, these facilities were utilised to the extent of HK\$145.7 million (31 March 2005: HK\$171.8 million).

At 30 September 2005, the total amount of outstanding bank borrowings net of bank balances and cash of HK\$13.4 million were HK\$132.3 million (31 March 2005: HK\$159.3 million), a decrease of HK\$27.0 million from the previous year-end. The Group used the proceeds from the sale of securities and surplus funds from operation to repay part of the bank borrowings during the period. The gearing ratio, which is the ratio of net bank borrowings to shareholders' funds, decreased to a low level at 11.4% (31 March 2005: 13.9%).

Of the total bank borrowings at 30 September 2005, 0.1% are repayable within one year, 96.9% are repayable after one year but within five years and 3.0% are repayable after five years.

During the period, the Group completed the refinancing of its banking facilities at lower interest margin for a period of five years. The Group's finance costs for the six months ended 30 September 2005 were HK\$2.4 million (2004: HK\$0.7 million), an increase of HK\$1.7 million from the same period of prior year. The increase was due to more bank borrowings to finance the purchase of investment properties and higher market interest rate during the period.

Shareholders' Funds

At 30 September 2005, the Group's shareholders' funds amounted to HK\$1,155.2 million (31 March 2005: HK\$1,147.9 million), representing an increase of HK\$7.3 million from the previous year-end. The net asset value per share was HK\$3.75 (31 March 2005: HK\$3.73). The increase in shareholders' funds was due to the retained profit for the period.

At 30 September 2005, the Group had no significant exposure to foreign exchange rate fluctuations.

Employees and Remuneration Policy

At 30 September 2005, the total number of staff of the Group was 11 (2004: 11). The total staff costs including Directors' emoluments amounted to HK\$3.3 million (2004: 3.3 million). The Group reviews staff remuneration annually. The review is based on individual performance and merit.

DIRECTORS' INTERESTS

At 30 September 2005, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of Director	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Chan Hoi Sow	Beneficial Owner	Personal Interest	2,036,000	171,804,896	55.81
	Interest of Controlled Corporation (Note)	Corporate Interest	169,768,896		
Chan Yan Tin, Andrew	Beneficial Owner	Personal Interest	792,000	792,000	0.26
Chan Siu Keung, Leonard	–	–	–	–	0.00
Wong Wellington	–	–	–	–	0.00
Chan Kwok Wai	–	–	–	–	0.00
Tse Lai Han, Henry	–	–	–	–	0.00

Note: Mr. Chan Hoi Sow had a 100% interest in Beyers Investments Limited which, through its wholly owned subsidiary, Noranger Company Limited, held 143,946,000 shares of the Company. He also had a 100% interest in Evergrade Investments Limited which held 25,822,896 shares of the Company. Accordingly, Mr. Chan Hoi Sow and his spouse, Madame Chan Loo Kuo Pin, were deemed to have interests in 169,768,896 ordinary shares of the Company.

Other than as disclosed above, none of the Directors had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO and none of the Directors nor their spouses or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company as at 30 September 2005 or had been granted or exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2005, the interests and short positions of persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Chan Loo Kuo Pin	Interest of Spouse <i>(Note 1)</i>	Family Interest	171,804,896	171,804,896	55.81
Noranger Company Limited	Beneficial Owner <i>(Note 2)</i>	Corporate Interest	143,946,000	143,946,000	46.76
Beyers Investments Limited	Interest of Controlled Corporation <i>(Note 2)</i>	Corporate Interest	143,946,000	143,946,000	46.76
Evergrade Investments Limited	Beneficial Owner <i>(Note 3)</i>	Corporate Interest	25,822,896	25,822,896	8.39
Edward Kew	Beneficial Owner <i>(Note 4)</i>	Personal Interest	5,461,200	25,968,494	8.44
	Interest of Spouse <i>(Note 4)</i>	Family Interest	8,856,494		
	Interest of Controlled Corporation <i>(Note 4)</i>	Corporate Interest	11,650,800		
Kew Youn Lunn	Beneficial Owner <i>(Note 5)</i>	Personal Interest	2,380,800	25,968,494	8.44
	Interest of Spouse <i>(Note 5)</i>	Family Interest	5,461,200		
	Interest of Controlled Corporation <i>(Note 5)</i>	Corporate Interest	18,126,494		

Notes:

1. The interest is in fact the same block of shares already disclosed under the personal and corporate interests of her husband, Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
2. The two references to 143,946,000 shares relate to same block of shares in the Company. These shares are held by Noranger Company Limited which is wholly owned by Beyers Investments Limited which in turn is wholly owned by Mr. Chan Hoi Sow and accordingly form part of the block of shares already disclosed under the corporate interests of Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
3. These shares are held by Evergrade Investments Limited which is wholly owned by Mr. Chan Hoi Sow and accordingly form part of the block of shares already disclosed under the corporate interests of Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
4. These interests in aggregate are in fact the same block of shares disclosed under the interests of Madame Kew Youn Lunn, the wife of Mr. Edward Kew.
5. These interests in aggregate are in fact the same block of shares disclosed under the interests of Mr. Edward Kew, the husband of Madame Kew Youn Lunn.

Other than as disclosed above, there was no person, other than a Director of the Company, who as at 30 September 2005, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DISCLOSURE REQUIREMENTS UNDER CHAPTER 13 OF THE LISTING RULES

Pursuant to the requirement of Listing Rule 13.22, a proforma combined balance sheet of the affiliated companies to which the Group provided financial assistance and guarantees for their benefit at 30 September 2005 (the latest practicable date) is presented as follow:

	Combined total HK\$'000	Interest attributable to the Group HK\$'000
Non-current assets	516,862	258,431
Current assets	100,304	50,152
Current liabilities	(6,592)	(3,296)
Non-current liabilities	(127,278)	(63,639)
	<hr/>	<hr/>
Shareholders' funds	483,296	241,648

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2005.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim report for the six months ended 30 September 2005 with the Directors.

The members of the Audit Committee comprise Mr. Wong Wellington, Mr. Chan Kwok Wai and Mr. Tse Lai Han, Henry, all of them are Independent Non-Executive Directors. The Chairman of the Audit Committee is Mr. Chan Kwok Wai.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six-month period ended 30 September 2005, the company has complied with the Code on Corporate Governance Practices except the following:

1. Mr. Chan Hoi Sow is the Chairman of the Board and Managing Director of the Company. He assumes the role of chief executive officer. The Board considers that the current management structure ensures consistent leadership and optimal efficiency for the operation of the Company.
2. The Directors have not been appointed for any specific terms as one-third of the Directors for the time being are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. The term of office of the Directors is the period up to the date of their retirement by rotation.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiry by the Company, all the Directors have confirmed that they complied with the required standard as set out in the Model Code throughout the period under review.

By Order of the Board
Chan Hoi Sow
Chairman

Hong Kong, 9 December 2005