

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

The register of substantial shareholders maintained by the Company under Section 336 of the SFO shows that as at 30 June 2005, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

Name	Number of shares	Percentage
Tong Nai Kan (<i>Note</i>)	180,000,000	29.48
Time Prosper Holdings Limited ("Time Prosper")	120,000,000	19.65
Gold Blue Group Limited ("Gold Blue")	60,000,000	9.83

Note: Mr. Tong Nai Kan is the beneficial owner of the entire issued share capital of Gold Blue and Time Prosper. In accordance with the SFO, the interests of Gold Blue and Time Prosper are deemed to be, and have therefore been included in the interests of Mr. Tong Nai Kan.

Save as disclosed above, as at 30 June 2005, no other persons had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be kept by the Company under Section 336 of the SFO.

BOARD COMMITTEES

Audit Committee

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The Audit Committee provides an important link between the Board and the auditors of the Company in matters coming within the scope of the audit of the Group. It also reviews the effectiveness of the external audit and of internal controls and risk evaluation. The Audit Committee comprises three independent non-executive Directors of the Company namely, Dr. Tang Tin Sek, Mr. Liu Ngai Wing and Mr. Lam Yat Fai.

Nomination Committee

The Nomination Committee was established for the purposes of reviewing the composition of the Board, identifying suitable Board members, assessing independence of the independent non-executive Directors and making recommendation on appointments and re-appointments. The written terms of reference which describes the authority and duties of the Nomination Committee was prepared and adopted. The Nomination Committee comprises three independent non-executive Directors of the Company namely, Dr. Tang Tin Sek, Mr. Liu Ngai Wing and Mr. Lam Yat Fai.

Remuneration Committee

The Remuneration Committee was established for the purposes of determining specific remuneration packages of all executive Directors and senior management; and reviewing and approving their performance-based remuneration and their compensation on termination. The written terms of reference which describes the authority and duties of the Remuneration Committee was prepared and adopted. The Remuneration Committee comprises three independent non-executive Directors of the Company namely, Dr. Tang Tin Sek, Mr. Liu Ngai Wing and Mr. Lam Yat Fai.

CORPORATE GOVERNANCE

The Company had complied with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Listing Rules on the Stock Exchange throughout the Period with the following deviations:

Code Provision A.2.1

Under the code provision A.2.1, the chairman and chief executive officer should be separate people and their divisions of responsibility should be set out in writing.

It is not clear that the roles of chairman and chief executive officer of the Company are separate. Both of two roles are performed by the same individual.

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing independent non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from the code provision A.4.1. However, all Directors of the Company (including executive and non-executive Directors) are subject to retirement by rotation at each annual general meeting under the Articles of Association (“AA”) of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG code.

Code Provision A.4.2

Under the code provision A.4.2, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the existing AA of the Company, the chairman of the Board, managing Director and joint managing Director of the Company were not subject to retirement by rotation or taken into account in determining the rotation of retirement of Directors. This constitutes a deviation from the code provision A.4.2. To comply with the code provision, the relevant amendment to AA regarding the retirement every three years will be proposed and approved by the shareholders at the forthcoming general meeting of the Company.

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the board should attend the Company's annual general meeting and arrange for the chairman of the audit committee or in the absence of the chairman of such committee, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting.

The chairman of the Board was unable to attend the annual general meeting of the Company held on 8 June 2005 as he had another engagement that was important to the Company's business.

HUMAN RESOURCES

As at 30 June 2005, the Group had 40 employees in Hong Kong. Employee remunerations are in accordance with nature of their duties and remain competitive under current market trend. Staff benefits include medical schemes, Mandatory Provident Fund schemes and share option scheme for Hong Kong employees.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

PURCHASE, SALE OR REDEMPTION OF SHARES IN THE COMPANY

During the Period under review, neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any shares in the Company.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the Period have been reviewed by the Audit Committee.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my sincere thanks to our shareholders for their support and to our staff for their contributions and diligence during the Period.

On behalf of the Board

Tong Nai Kan

Chairman and Managing Director

Hong Kong, 21 September 2005