



WAFER SYSTEMS

**Wafer Systems Limited**

**威發系統有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8198)**

**FIRST QUARTERLY REPORT  
FOR THE 3 MONTHS ENDED 31 MARCH 2005**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)**

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.

*The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*As at the date of this report, the executive director of the Company is Mr. Chan Sek Keung, Ringo, the non-executive directors are Ms. Clara Ho, Mr. Alasdair Gordon Nagle and Mr. Kwan Kit Tong and the independent non-executive directors are Mr. Pang Hing Chung, Alfred, Mr. Tsoi Tai Wai, David and Mr. Yu Zhonghou.*

*This report, for which the directors (the “Directors”) of Wafer Systems Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

\* For identification purpose only

## TO OUR SHAREHOLDERS

The board of Directors (the “Board”) is pleased to report the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2005 (the “Review Period”) together with comparative unaudited figures for the corresponding period in 2004.

## FINANCIAL HIGHLIGHTS

	<b>Q1 2005</b> <i>(HK\$'000)</i>	Q1 2004 <i>(HK\$'000)</i>	Change %
Turnover	<b>152,048</b>	40,493	+275%
Operating profit/(loss)	<b>1,640</b>	(596)	N/A
Net profit/(loss)	<b>778</b>	(987)	N/A
Basic earnings/(loss) per share (HK cents)	<b>0.27</b>	(0.34)	N/A
Contracts on hand at quarter end	<b>35,531</b>	36,973	-4%

## BUSINESS REVIEW

During the Review Period, the Group recorded a turnover of approximately HK\$152 million, representing approximately a 275% increase over that recorded in the corresponding period in 2004.

This increase in turnover was mainly due to sales of approximately HK\$98 million through Beijing Siemens Communications Network Co. Ltd. for a significant project of a major telecommunications service provider in mainland China. Discounting this factor, increase in turnover for the Review Period over that of last year would have been around 34%.

The overall net profit for the Review Period was approximately HK\$778,000 compared with a net loss of HK\$987,000 for the corresponding period in 2004.

Geographically, mainland China remained predominantly the biggest business generating area for the Group. During the Review Period, the Group continued to invest in building up its capability in Next Generation Network (“NGN”) software and solutions and management software.

Looking ahead, the Group will maintain its business philosophy to focus on customer satisfaction, higher technical and professional expertise in the area of NGN and continue to strive to become a leading NGN solution and service provider.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Review Period (2004: Nil).

## FINANCIAL INFORMATION

### Unaudited Consolidated Financial Results

		For the three months ended 31 March	
		2005	2004
	Note	HK\$'000	HK\$'000
Turnover	2	152,048	40,493
Other operating income		39	23
Charges for materials and equipment		(134,955)	(30,675)
Staff costs		(4,250)	(3,919)
Depreciation and amortization		(1,113)	(1,312)
Other operating expenses		(10,129)	(5,206)
		<u>          </u>	<u>          </u>
Profit (loss) from operations	3	1,640	(596)
Finance costs		(803)	(382)
		<u>          </u>	<u>          </u>
Profit (loss) before taxation		837	(978)
Taxation	4	(65)	–
		<u>          </u>	<u>          </u>
Profit (loss) for the period		<u>772</u>	<u>(978)</u>
		<u>          </u>	<u>          </u>
Profit (loss) attributable to:			
Equity holders of the Company		778	(987)
Minority interest		(6)	9
		<u>          </u>	<u>          </u>
		<u>772</u>	<u>(978)</u>
		<u>          </u>	<u>          </u>
Earnings (loss) per share	5		
– Basic (cents)		<u>0.27</u>	<u>(0.34)</u>
		<u>          </u>	<u>          </u>
– Diluted (cents)		<u>0.27</u>	<u>N/A</u>
		<u>          </u>	<u>          </u>

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### (1) Basis of presentation

The unaudited consolidated financial results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants.

In 2005, the Group has adopted, for the first time, the following HKFRSs which are effective for accounting periods beginning on or after 1 January 2005:

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 Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
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 24	Related Parties Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instrument: 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
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of these HKFRSs has not had any material effects on the results for the current and prior period, and no prior year adjustment was required.

Except for the above, the principal accounting policies and basis of preparation adopted for the preparation of the unaudited consolidated financial results are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2004.

Certain comparative figures have been reclassified to conform with the current period's presentation.

The unaudited consolidated results have been reviewed by the Audit Committee.

### (2) Turnover

Turnover represents the aggregate of the net amounts received and receivable from third parties in connection with the provision of network infrastructure solutions, network professional services and network software.

**(3) Profit (loss) from operations**

Profit (loss) from operations has been arrived at after charging:

	<b>For the three months ended 31 March</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Amortization of software product development costs	<b>538</b>	482
Depreciation of property, plant and equipment	<b>575</b>	830
Staff costs (including Directors' remuneration)	<b>4,250</b>	3,919

and after crediting:

Interest income	<b>39</b>	23
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**(4) Taxation**

The charges represent PRC income tax which is calculated at rates applicable to the respective PRC subsidiaries.

No provision for Hong Kong profits tax has been made as the Group had no assessable profit for the three months ended 31 March 2005 and its corresponding period in 2004.

Pursuant to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are entitled to exemption from PRC income tax for two or three years commencing from their first profit-making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC income tax for the following three years. During the Review Period, the Company has one PRC subsidiary within its tax exemption period and one PRC subsidiary within its 50% tax relief period.

No deferred tax asset has been recognized in respect of the unutilized tax losses due to the unpredictability of future profit streams.

**(5) Earnings (loss) per share**

The calculation of basic earnings (loss) per share for the three months ended 31 March 2005 is based on the unaudited net profit attributable to equity holders of the Company of approximately HK\$778,000 (2004: net loss of approximately HK\$987,000) and on the weighted average number of approximately 289,945,000 ordinary shares (2004: approximately 289,945,000) in issue during the period.

The calculation of the diluted earnings per share for the three months ended 31 March 2005 is based on the net profit attributable to equity holders of the Company of approximately HK\$778,000 and on the weighted average number of approximately 289,946,000 ordinary shares.

Diluted loss per share has not been presented for the three months ended 31 March 2004 since the effect is anti-dilutive.

(6) Reserves

	<b>Share premium</b> <i>HK\$'000</i>	<b>Statutory surplus reserves fund</b> <i>HK\$'000</i>	<b>Enterprise expansion fund</b> <i>HK\$'000</i>	<b>Staff welfare fund</b> <i>HK\$'000</i>	<b>Deficit</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
As at 1 January 2004	55,824	1,003	502	502	(6,471)	51,360
Loss for the three months ended 31 March 2004	—	—	—	—	(987)	(987)
As at 31 March 2004	<u>55,824</u>	<u>1,003</u>	<u>502</u>	<u>502</u>	<u>(7,458)</u>	<u>50,373</u>
As at 1 January 2005	55,824	1,003	502	502	(3,448)	54,383
Profit for the three months ended 31 March 2005	—	—	—	—	778	778
As at 31 March 2005	<u>55,824</u>	<u>1,003</u>	<u>502</u>	<u>502</u>	<u>(2,670)</u>	<u>55,161</u>

## DISCLOSURE OF TRADE RECEIVABLES ARISING FROM THE ORDINARY COURSE OF BUSINESS OF THE GROUP

The following continuing disclosure is made pursuant to Rule 17.22 of the GEM Listing Rules.

As at 31 March 2005, there were 289,944,745 shares in the Company in issue. Based on the average closing price of the Company's shares of HK\$0.1220 as stated in the Stock Exchange's daily quotation sheets for the trading days from 22 March 2005 to 30 March 2005 (both days inclusive), being the five business days immediately preceding 31 March 2005, the total market capitalisation of the Company was approximately HK\$35,373,300 (the "Total Market Capitalisation") as at 31 March 2005.

As at 31 December 2004, the consolidated total assets value of the Group was approximately HK\$138,763,000 (the "Total Assets Value").

As at 31 March 2005, the following trade receivables of the Group exceeded 8% of either the Total Market Capitalisation and/or the Total Assets Value.

Customer Name	Amount due to the Group as at 31 March 2005 (HK\$'000)	Approximate percentage of Total Market Capitalisation	Approximate percentage of Total Assets Value
Beijing Siemens Communications Network Co. Ltd.	97,799 (Note)	276.5%	70.5%
The China Unicom Group	9,221	26.1%	6.6%
Motorola (China) Electronics Ltd.	8,116	22.9%	5.8%
廣州創想科技股份有限公司 Guangzhou Thinker Technology Co., Ltd.*	6,632	18.7%	4.8%
SAIC GM Wuling Automobile Co. Ltd.	4,549	12.9%	3.3%

\* For identification purpose only.

Note: Out of this amount, HK\$78,270,000, representing approximately 80% of such trade receivables, was backed by irrevocable letter of credit, while the balance will be payable at different stages of completion of the project concerned. As at the date of this report such amount of HK\$78,270,000 had already been fully paid to the Group, leaving a balance of trade receivables of HK\$19,529,000, representing approximately 55.2% of the Total Market Capitalisation and approximately 14.1% of the Total Assets Value.

The aforesaid trade receivables of the Group all resulted from the sale of network equipment, the provision of services or the undertaking of system integration projects by the Group in its ordinary course of business. Payment terms with customers are mainly on credit together with deposits under normal commercial terms. The receivables are all unsecured, interest-free and invoices are payable

from 30 to 90 days of issuance. For some system integration projects with established customers, payment of the balance after deposits is phased into different stages of completion of the project concerned.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, all of the above customers and their respective ultimate beneficial owners are independent third parties not connected with any of the Directors, chief executive, management shareholders or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (all of the aforesaid terms as defined in the GEM Listing Rules).

### **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 31 March 2005, the interests and short positions of the Directors, the chief executive of the Company and their respective associates (as defined in the GEM Listing Rules) in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

#### **(a) Long positions in shares in the Company**

Name of Director	Number of shares held						Total interest in shares	Approximate percentage of the Company's issued share capital
	Personal interest	Capacity	Family interest	Corporate interest	Capacity	Other interest		
Mr. Chan Sek Keung, Ringo	5,556,000	Beneficial owner	-	56,400,000 <i>(Note)</i>	Interest of a controlled corporation	-	61,956,000	21.37%

*Note:* Such shares in the Company are held by Woodstock Management Limited ("Woodstock"), a company wholly owned by Mr. Chan Sek Keung, Ringo, who is deemed, by virtue of the SFO, to be interested in these shares.



**(b) Long positions in underlying shares in the Company (Directors' rights to acquire shares)**

Name of Director	Date of grant	Number of unlisted pre-IPO share option outstanding as at 1.1.2005	Number of unlisted pre-IPO share option outstanding as at 31.3.2005	Number of unlisted post-IPO share option outstanding as at 1.1.2005	Number of unlisted post-IPO share option outstanding as at 31.3.2005	Aggregate interests	Approximate percentage of the Company's issued share capital
Mr. Chan Sek Keung, Ringo	30.4.2002 20.2.2003	3,000,000 -	3,000,000 -	- 1,200,000	- 1,200,000	4,200,000	1.45%
Mr. Pang Hing Chung, Alfred	30.4.2002 20.2.2003	750,000 -	750,000 -	- 750,000	- 750,000	1,500,000	0.52%
Mr. Tsoi Tai Wai, David	20.2.2003	-	-	750,000	750,000	750,000	0.26%
Mr. Alasdair Gordon Nagle	20.2.2003	-	-	375,000	375,000	375,000	0.13%
Ms. Clara Ho	20.2.2003	-	-	375,000	375,000	375,000	0.13%
Mr. Kwan Kit Tong	20.2.2003	-	-	375,000	375,000	375,000	0.13%

*Notes:*

- (1) Each of the above Directors is personally the beneficial owner of the share option granted to them.
- (2) Each of the Directors' interests represent his/her respective long positions in the underlying shares in the Company by virtue of options granted to the Directors pursuant to a pre-IPO share option scheme and a post-IPO share option scheme both adopted by the Company on 20 April 2002 (further details are set out under the section headed "Share Option Schemes").
- (3) Options granted on 30 April 2002 were exercisable during the period 17 November 2002 to 29 April 2012 at the exercise price of \$0.55 per share.
- (4) Options granted on 20 February 2003 were exercisable during the period 20 February 2004 to 19 February 2013 at the exercise price of \$0.138 per share.

Other than as disclosed above, none of the Directors, the chief executive of the Company and their respective associates (as defined in the GEM Listing Rules), had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2005.

**SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS WHOSE INTERESTS ARE RECORDED UNDER SECTION 336 OF THE SFO**

As at 31 March 2005, the following persons or corporations, in addition to the Directors, stated under the section headed “Directors’ and chief executive’s interests or short position in shares and underlying shares of the Company” had interests in the shares and underlying shares in the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

**Long positions in shares in the Company**

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Type of interests</b>	<b>Number of shares</b>	<b>Approximate percentage of the Company’s issued share capital</b>
The Applied Research Council (“ARC”) <i>(Note 1)</i>	Beneficial owner	Corporate	48,460,000	16.71%
HSBC Private Equity Technology (Asia) Limited <i>(Note 2)</i>	Investment manager	Corporate	48,460,000	16.71%
HSBC Private Equity (Asia) Limited <i>(Note 2)</i>	Interest of a controlled corporation	Corporate	48,460,000	16.71%
North 22 Nominees Limited	Beneficial owner	Corporate	36,900,000	12.73%
Mr. Ng Lai Yick <i>(Note 3)</i>	Beneficial owner	Personal	3,134,744	1.08%
	Interest of a controlled corporation	Corporate	36,900,000	12.73%
QPL International Holdings Limited (“QPL”) <i>(Note 4)</i>	Beneficial owner	Corporate	35,456,745	12.23%
Mr. Li Tung Lok <i>(Note 4)</i>	Interest of a controlled corporation	Corporate	35,456,745	12.23%
Madam Su Ching Wah <i>(Note 4)</i>	Interest of spouse	Family	35,456,745	12.23%

*Notes:*

- (1) ARC is the beneficial owner of these shares.
- (2) HSBC Private Equity Technology (Asia) Limited is deemed, by virtue of the SFO, to be interested in these shares as it is the investment manager of ARC.

HSBC Private Equity (Asia) Limited is deemed, by virtue of the SFO, to be interested in these shares as HSBC Private Equity Technology (Asia) Limited is its wholly-owned subsidiary.

- (3) Mr. Ng Lai Yick is deemed, by virtue of the SFO, to be interested in the 36,900,000 shares held by North 22 Nominees Limited as the company is wholly-owned by him.
- (4) Mr. Li Tung Lok is the controlling shareholder of QPL and is deemed, by virtue of the SFO, to be interested in the 35,456,745 shares held by QPL.

Madam Su Ching Wah is the spouse of Mr. Li Tung Lok and is deemed, by virtue of the SFO, to be interested in the 35,456,745 shares held by QPL.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares or underlying shares in the Company as at 31 March 2005.

## **SHARE OPTION SCHEMES**

The Company, in a general meeting held on 20 April 2002, adopted both a pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) and a post-IPO share option scheme (the “Post-IPO Share Option Scheme”).

Save as disclosed below, no options granted pursuant to either the Pre-IPO Share Option Scheme or the Post-IPO Share Option Schemes had lapsed or had been exercised during the Review Period.

**(a) Pre-IPO Share Option Scheme**

One single grant of 11,913,000 shares in aggregate was made to various participants on 30 April 2002 under this scheme. As at 31 March 2005, options comprising an aggregate of 9,683,000 shares were outstanding, as detailed below:

	Exercise price per share <i>HK\$</i>	Number of share options		
		Outstanding as at 1.1.2005	Cancelled during Review Period	Outstanding as at 31.3.2005
Type of Participants:				
Directors	0.55	3,750,000	–	3,750,000
Advisor	0.55	750,000	–	750,000
Employees	0.55	<u>5,218,000</u>	<u>35,000 (Note)</u>	<u>5,183,000</u>
		<u>9,718,000</u>	<u>35,000</u>	<u>9,683,000</u>

*Note:* These options were cancelled according to the rules of this scheme due to the employees having left the Group.

Pre-IPO share options are exercisable as to (i) a maximum of 25% of the total number of options granted six months after 17 May 2002 (the “Date of Listing”); (ii) a maximum additional 6.25% of the total number of options granted after the expiry of each 3-month period twelve months after the Date of Listing; and (iii) the remaining options on or after the third anniversary of the Date of Listing until the end of the option period or lapse of an option.

The above outstanding options may be exercised, in accordance with the terms of the Pre-IPO Share Option Scheme, before 30 April 2012.

**(b) Post-IPO Share Option Schemes**

There have been a total of 5 Post-IPO share options grants. The numbers of share options granted were 5,277,000 shares on 12 July 2002, 7,859,000 shares on 20 February 2003, 385,000 shares on 10 October 2003, 2,844,000 shares on 23 February 2004 and 828,000 shares on 11 October 2004. No option was granted during the Review Period.

A summary of the Post-IPO Share Option Scheme movements during the Review Period and as at 31 March 2005 is as follows:

Date of grant	Type of Participants	Exercisable Period	Exercise Price per share <i>HK\$</i>	Number of share options			Outstanding as at 31.3.2005
				Outstanding as at 1.1.2005	Granted during Review Period	Cancelled during Review Period <i>(Note 1)</i>	
12.7.2002	Employees	12.7.2003 to 11.7.2012	0.384	2,981,000	–	200,000	2,781,000
20.2.2003	Directors	20.2.2004 to 19.2.2013	0.138	3,825,000	–	–	3,825,000
	Advisors	20.2.2004 to 19.2.2013	0.138	300,000	–	–	300,000
	Employees	20.2.2004 to 19.2.2013	0.138	3,034,000	–	187,000	2,847,000
				<b>7,159,000</b>	<b>–</b>	<b>187,000</b>	<b>6,972,000</b>
10.10.2003	Employees	10.10.2004 to 9.10.2013	0.142	290,000	–	30,000	260,000
23.2.2004	Employees	23.2.2005 to 22.2.2014 <i>(Note 2)</i>	0.165	2,404,000	–	200,000	2,204,000
11.10.2004	Employees	11.10.2005 to 10.10.2014	0.124	828,000	–	70,000	758,000
				<b>13,662,000</b>	<b>–</b>	<b>687,000</b>	<b>12,975,000</b>

*Notes:*

- (1) These options were cancelled according to the rules of this scheme due to the employees having left the Group.
- (2) The closing price of the share of the Company immediately before the date on which the options were granted was HK\$0.155.

Post-IPO share options are exercisable starting from the first anniversary of the grant date at stepped annual increment of 25% of the total options granted, for a period not later than 10 years from the date of grant.

The above outstanding options may be exercised within the exercisable period in accordance with the terms of the Post-IPO Share Option Scheme.

## **COMPETITION AND CONFLICT OF INTERESTS**

Each of the Directors and the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interest in companies that competed or might compete with the business of the Group or any other conflict of interests with the interests of the Group.

## **AUDIT COMMITTEE**

The Company established the Audit Committee on 29 October 2001 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and with reference to the guidelines published by the Hong Kong Institute of Certified Public Accountants.

The present Audit Committee consists of three independent non-executive Directors, namely, Mr. Tsoi Tai Wai, David, Mr. Pang Hing Chung, Alfred and Mr. Yu Zhonghou. Mr. Tsoi is the chairman of the Audit Committee.

The Audit Committee has reviewed the draft of this report and has provided advice and comments thereon.

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

During the Review Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board  
**WAFER SYSTEMS LIMITED**  
**CHAN Sek Keung, Ringo**  
*Chairman and Chief Executive Officer*

Hong Kong, 12 May 2005