

The Board of Directors (the "Board") of Swank International Manufacturing Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2004 with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2004	2003
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Turnover	3	98,671	102,242
Cost of sales		(84,473)	(86,088)
Gross profit		14,198	16,154
Other revenue		789	1,691
Selling and distribution costs		(7,387)	(6,615)
Administrative expenses		(8,141)	(10,529)
Other operating expenses		(92)	(3,024)
Loss from operating activities	5	(633)	(2,323)
Finance costs	6	(4,903)	(7,895)
Reversal of impairment loss on interest in an associate	7	4,700	–
Share of profits less losses of associates		357	1,333
		(479)	(8,885)
Restructuring cost		(323)	(1,152)
Loss before taxation		(802)	(10,037)
Taxation	8	–	–
Loss before minority interests		(802)	(10,037)
Minority interests		(1,042)	207
Loss attributable to shareholders		(1,844)	(9,830)
Dividends		–	–
Loss per share	9		
Basic		(0.1 cent)	(4.4 cents)
Diluted		N/A	(restated) N/A

CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 June 2004	31 December 2003
	Note	HK\$'000 (unaudited)	HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		101,111	107,291
Interests in associates		37,470	35,581
Other receivables		–	–
		138,581	142,872
Current assets			
Trade receivables	10	49,656	46,630
Bills receivable		1,233	1,655
Prepayments, deposits and other receivables		2,122	3,768
Inventories		20,902	21,659
Fixed deposits		378	378
Cash and bank balances		41,565	36,601
		115,856	110,691
LIABILITIES			
Current liabilities			
Amounts due to associates		15,914	12,781
Trade payables	12	21,775	25,992
Other payables and accruals		15,500	17,733
Current portion of promissory note payable	13	94,430	27,027
Tax payable		845	847
		148,464	84,380
Net current (liabilities)/assets		(32,608)	26,311
Total assets less current liabilities		105,973	169,183

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

		As at	
		30 June 2004	31 December 2003
Note		HK\$'000 (unaudited)	HK\$'000 (audited)
Total assets less current liabilities		105,973	169,183
Non-current liabilities			
Amount due to a shareholder, Probest	11	43,558	43,558
Non-current portion of promissory note payable	13	75,000	137,500
Provision for long service payments		490	490
		119,048	181,548
MINORITY INTERESTS		48,740	47,670
NET LIABILITIES		(61,815)	(60,035)
CAPITAL AND RESERVES			
Issued capital	14	31,249	31,249
Reserves		(93,064)	(91,284)
		(61,815)	(60,035)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2004

	Reserves								Total
	Issued capital	Share premium account	Property revaluation reserve	Exchange fluctuation reserve	Capital reserve	Special reserve	Accumulated losses	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2004	31,249	723,462	21,169	9,968	8	341,800	(1,187,691)	(91,284)	(60,035)
Exchange adjustments on translation of foreign subsidiaries	-	-	-	91	-	-	-	91	91
Transfer interests to minority shareholders	-	-	-	(27)	-	-	-	(27)	(27)
Net gains and losses not recognised in the income statement	-	-	-	64	-	-	-	64	64
Net loss for the period	-	-	-	-	-	-	(1,844)	(1,844)	(1,844)
At 30 June 2004	31,249	723,462	21,169	10,032	8	341,800	(1,189,535)	(93,064)	(61,815)

For the six months ended 30 June 2003

	Reserves								Total
	Issued capital	Share premium account	Property revaluation reserve	Exchange fluctuation reserve	Capital reserve	Special reserve	Accumulated losses	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2003	446,409	715,132	21,169	10,354	8	-	(1,283,014)	(536,351)	(89,942)
Exchange adjustments on translation of foreign subsidiaries	-	-	-	(218)	-	-	-	(218)	(218)
Net gains and losses not recognised in the income statement	-	-	-	(218)	-	-	-	(218)	(218)
Net loss for the period	-	-	-	-	-	-	(9,830)	(9,830)	(9,830)
At 30 June 2003	446,409	715,132	21,169	10,136	8	-	(1,292,844)	(546,399)	(99,990)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2004 HK\$'000 (unaudited)	2003 HK\$'000 (unaudited)
Net cash outflow generated from operations	(1,620)	(1,156)
Net cash inflow/(outflow) from investing activities	6,584	(589)
Net cash inflow/(outflow) before financing activities	4,964	(1,745)
Net cash outflow from financing activities	–	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,964	(1,745)
Cash and cash equivalents at beginning of period	36,979	24,083
CASH AND CASH EQUIVALENTS AT END OF PERIOD	41,943	22,338
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	41,565	21,960
Fixed deposits with original maturity less than three months when acquired	378	378
	41,943	22,338

Notes:

1 BASIS OF PRESENTATION

The condensed consolidated interim financial statements have been prepared by the directors with due care on a going concern basis, notwithstanding the fact that the Group had net loss of approximately HK\$1,844,000 (30 June 2003: net loss of approximately HK\$9,830,000) and net liabilities of HK\$61,815,000 as at 30 June 2004 (as at 31 December 2003: HK\$60,035,000). The validity of the going concern basis for the preparation of the financial statements depends upon future profitable operations of the Group and the adequate funds being available to the Group. As at 30 June 2004, the principal amount of the promissory note amounted to HK\$25.5 million and the accrued interest of approximately HK\$6.4 million due to Probest Holdings Inc. ("Probest") have been overdue. The Group is now negotiating with Probest about the repayment plans of such overdue principal and accrued interest of the promissory note. The Board is of the opinion that, in light of the measures taken to date, the Group will have sufficient cash resources to carry on its business as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

If the going concern basis were not to be appropriate, adjustments would have to be made to restate the value of assets to their break up values, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

2 BASIS OF PREPARATION

The interim financial statements are unaudited, but have been reviewed by the Audit Committee.

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants. The same accounting policies as adopted in the 2003 annual report have been applied to these interim financial statements.

3 TURNOVER

The principal activity of the Group remained unchanged during the period and is the design, manufacture and sale of optical products. Turnover represents the net invoiced value of goods sold, net of returns and allowances.

4 SEGMENT INFORMATION

Business segment information is chosen as the primary reporting format because the business segment is considered as the primary source of the Group's risks and returns.

Business segments

The Group has only one business segment and is the manufacture and sale of optical products. Therefore, no separate analysis of business segment information is prepared as all the information has been disclosed in the unaudited condensed consolidated interim financial statements.

5 LOSS FROM OPERATING ACTIVITIES

Loss from operating activities is arrived at after charging/(crediting):

	Six months ended 30 June	
	2004 HK\$'000 (unaudited)	2003 HK\$'000 (unaudited)
Depreciation	6,982	7,052
Provision against inventories	332	1,462
Provision for doubtful debts	–	24
Bank interest income	(22)	(31)
Gain on disposal of property, plant and equipment	(13)	–
Exchange loss/(gains), net	332	(91)

6 FINANCE COSTS

	Six months ended 30 June	
	2004 HK\$'000 (unaudited)	2003 HK\$'000 (unaudited)
Interest on loan from a shareholder	–	7,895
Interest on promissory note	4,903	–
	4,903	7,895

7 REVERSAL OF IMPAIRMENT LOSS ON INTEREST IN AN ASSOCIATE

Reversal of impairment loss on interest in an associate represents the reversal of impairment loss on interest in an associate based on the director's reassessment of the estimate recovered amount of an associate as the Group disposed of its interest in an associate.

8 TAXATION

No Hong Kong profits tax and overseas tax has been provided in the financial statements as the companies within the Group have either accumulated tax losses brought forward, which exceed the estimated assessable profits for the period, or no assessable profits for the period.

9 LOSS PER SHARE

The calculation of basis loss per share is based on the loss attributable to shareholders for the period of HK\$1,844,000 (2003: net loss of HK\$9,830,000) and the weighted average of 3,124,862,734 (2003: 223,204,480 as restated due to a share consolidation of every ten shares into one share which was completed on 29 July 2003) ordinary shares in issue during the period.

Diluted loss per share during the period ended 30 June 2004 and 30 June 2003 have not been disclosed as no dilutive events existed during these periods.

10 TRADE RECEIVABLES

The aged analysis of the Group's trade receivables, based on payment due date and net of provisions, is as follows:

	As at	
	30 June 2004 HK\$'000 (unaudited)	31 December 2003 HK\$'000 (audited)
Current to 30 days overdue	47,042	42,703
31 to 60 days overdue	2,580	3,479
61 to 90 days overdue	–	444
More than 90 days overdue	34	4
	49,656	46,630

The normal credit period granted by the Group to customers ranges from 30 days to 120 days.

11 AMOUNT DUE TO A SHAREHOLDER, PROBEST

The amount due to Probest of HK\$43,558,000 is unsecured, interest bearing at a rate per annum equivalent to 1% over Hong Kong prime rate and has no fixed repayment terms. Analysis of the amount due to Probest is as follows:

	As at	
	30 June 2004 HK\$'000 (unaudited)	31 December 2003 HK\$'000 (audited)
Loan principal with no fixed repayment terms:	43,558	43,558
Amount due to Probest	43,558	43,558
Portion classified as current liabilities	–	–
Non-current portion	43,558	43,558

12 TRADE PAYABLES

The aged analysis of the Group's trade payables, based on payment due date, is as follows:

	As at	
	30 June 2004 HK\$'000 (unaudited)	31 December 2003 HK\$'000 (audited)
Current to 30 days overdue	17,227	24,205
31 to 60 days overdue	2,102	602
61 to 90 days overdue	942	210
More than 90 days overdue	1,504	975
	21,775	25,992

13 PROMISSORY NOTE

	As at	
	30 June 2004 HK\$'000 (unaudited)	31 December 2003 HK\$'000 (audited)
Interest repayable on demand	6,430	1,527
Principal repayable:		
Within 1 year or on demand	88,000	25,500
Payable after 1 year but within 2 years	75,000	62,500
After 2 years but within 5 years	–	75,000
Total	169,430	164,527
Amount due to Probest under Promissory Note	169,430	164,527
Portion classified as current liabilities	(94,430)	(27,027)
Non-current portion	75,000	137,500

The Promissory Note payable to Probest is unsecured with maturity date on 1 June 2006 and bearing interest at the rate per annum equivalent to 1% over the prevailing Hong Kong prime rate.

14 ISSUED CAPITAL2004
HK\$'000

Authorised:	
300,000,000,000 ordinary shares of HK\$0.01 each	3,000,000
Issued and fully paid:	
3,124,862,734 ordinary shares of HK\$0.01 each	31,249

There was no repurchase of any shares during the period.

15 SHARE OPTION SCHEME

As at 30 June 2004, the Company has no share option outstanding.

16 RELATED AND CONNECTED PARTY TRANSACTIONS

As at 30 June 2004, the Group has the following material transactions with related and connected parties during the period:

	Six months ended 30 June	
	2004 HK\$'000 (unaudited)	2003 HK\$'000 (unaudited)
Sales of finished goods to associates	4,767	4,087
Purchases of raw materials and finished goods from associates	7,270	6,207
Management fee income from associates	301	1,559
Amount due to a shareholder, Probest	43,558	250,000
Promissory note payable to Probest	163,000	–
Interest expense charged by a shareholder, Probest	4,903	7,895
Rental paid to a joint venture partner	1,415	1,387

Amounts due to associates are disclosed in the unaudited condensed consolidated balance sheet. Amounts due from associates at 30 June 2004 amounted to HK\$6,836,000 (31 December 2003: HK\$5,005,000). These balances are non-interest bearing and have no fixed terms of repayment.

17 CONTINGENT LIABILITIES

At 30 June 2004, the Company and the Group had no material contingent liabilities.

18 POST BALANCE SHEET EVENTS

On 30 April 2004, the Company signed an agreement with a third party to dispose of its 49% interest in Hanson International Optical Industrial Company Limited and Hanson International Optical Company Limited at a consideration of HK\$4.7 million. The transaction was completed in July 2004.

19 PARENT ENTERPRISES

The directors consider Probest to be its immediate parent enterprise and Winspark Venture Limited, of which Probest is subsidiary, to be its ultimate parent enterprise. Both companies are incorporated in the British Virgin Islands.

INTERIM DIVIDENDS

The Board has resolved that no interim dividend will be declared in respect of the six months ended 30 June 2004 (2003: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Business Review

The Group recorded a net loss of HK\$1.8 million for the six months ended 30 June 2004, compared to a net loss of HK\$9.8 million recorded for the same period last year. The Group recorded a turnover of HK\$98.7 million, representing a decrease of HK\$3.6 million or 3% lower than the same period last year.

Orders for the current period were HK\$85.8 million, versus last period of HK\$86.5 million. Owing to the low capacity utilization as a result of the decrease in sales orders, the gross profit margin decreased from 16% for the period of last year to 14% for the same period this year. The decline in turnover and gross profit margin was partially offset by the decrease in selling and administrative expenses.

Other operating expenses have decreased by HK\$2.9 million due to the lower of provisions made for obsolete stock and retrenchment cost incurred in same period last year as a result of the continuous cost savings program. Finance cost represented the interest on promissory note due to Probest.

Income of an exceptional nature included HK\$4.7 million represents the reversal of impairment loss on interest in an associate based on the reassessment of the estimate recoverable amount of an associate as the Group disposed of its interest in an associate.

Owing to the continuous sluggish demand for lenses in the Group's 50 percent-owned associate, Dongguan Yueheng Optical Company Limited, the Group recorded a shared profit before tax of HK\$0.3 million compared with HK\$1.3 million for the same period last year.

Future Outlook

As a key player in the industry, the Group will continue to restructure and upgrade the manufacturing facilities in Shenzhen and Dongguan in order to increase the productivity and develop higher quality product for our current and new customers as well as shorten the delivery lead time in order to increase our sales orders. The management will continue to keep abreast of the market trend in order to design and produce fashionable optical products to our customers. Also, the management will continue to put more effort to lower our costs and thus improve our margin.

Liquidity and Financial Review

The Group mainly finances its day to day operations with internally generated cash flow. As at 30 June 2004, the current ratio of the Group, measured as total current assets to total current liabilities, was 0.78: 1. The low current ratio is due to HK\$94.4 million of the promissory note with accrued interest due to a shareholder be payable within one year or on demand.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Liquidity and Financial Review (continued)

During the period, the Group recorded a cash outflow from operating activities of HK\$1,620,000. As at 30 June 2004, the principal amount of the promissory note amounted HK\$25.5 million and the accrued interest of approximately HK\$6.4 million due to Probest have been overdue. The Group is now negotiating with Probest about the repayment plans of such overdue principal and accrued interest of the promissory note.

The Group conducts its business transactions mainly in Hong Kong dollars, US dollars, Euros and Renminbi. The Group did not arrange any forward currency contract for hedging purposes. Whilst most of the Group's cash is denominated in currencies directly and indirectly linked to the US dollars, the exposure to exchange fluctuation in gains and losses is minimal. The Group's promissory note and Profitown Loan due to Probest bear interest at a rate equivalent to 1% over Hong Kong prime rate per annum. The Group's borrowings are mainly denominated in Hong Kong dollars.

The gearing of the Group, measured as total debts to total assets, was 124% as at 30 June 2004, comparing to 124% as at 31 December 2003.

Change of Shareholdings

On 16 December 2003, Probest Holdings Inc. ("Probest") entered into a sale and purchase agreement with Rich Global Investments Limited ("Rich Global") and Kingsway Lion Spur Technology Limited ("Kingsway Lion"), both being wholly-owned subsidiaries of SW Kingsway Capital Holdings Limited, pursuant to which, Probest agreed to sell and Rich Global and Kingsway Lion agreed to purchase a total of 593,724,000 shares, representing approximately 19.0% of the entire issued share capital of the Company, at a total consideration of approximately HK\$16.0 million or approximately HK\$0.0269 per share. Out of the 593,724,000 shares, 312,486,000 shares, representing approximately 10.0% of the entire current issued share capital of the Company, were purchased by Rich Global, and 281,238,000 shares, representing approximately 9.0% of the entire current issued share capital of the Company, were purchased by Kingsway Lion. Probest's shareholding in the Company was reduced from 70% to 51%.

On 16 December 2003, Fortune Dynamic Group Corp ("Fortune Dynamic"), a wholly-owned subsidiary of Tomorrow International Holdings Limited ("Tomorrow"), and Tomorrow (as warrantor of Fortune Dynamic) entered into an option agreement with Rich Global, pursuant to which, Fortune Dynamic granted an option to Rich Global, whereby Rich Global could purchase 50% interest in Probest at a consideration of approximately HK\$15.7 million or approximately HK\$0.0197 per share of the Company within a period of 15 months from the date of the option agreement. Certain conditions need to be satisfied before Rich Global could exercise the option. Should the call option be exercised by Rich Global, Probest's effective shareholding in the Company would further be reduced to 25.5%.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Significant Investments, Material Acquisitions and Disposals

On 30 April 2004, the Group signed an agreement with a third party to dispose of its 49% shareholding in Hanson International Optical Industrial Company Limited and Hanson International Optical Company Limited at a consideration of HK\$4.7 million. The transaction was completed in July 2004.

Save as disclosed above, there were no other material change on the investment held and also no other material acquisition or disposal of any subsidiary and associate of the Group.

Capital Commitment, Charge on Group Assets and Contingent Liabilities

As at 30 June 2004, the Group has no material capital commitment, no charge on the Group's assets and no material contingent liability.

Human Resources and Share Option Scheme

As at 30 June 2004, the Group had 1,877 employees. The Group's remuneration policy is primarily based on the individual performance and experience of employees, prevailing industry practice and market rates. In addition to the basic salaries, the Group provides staff benefits including medical insurance and contributions to the provident fund. Discretionary bonuses are also available to the Group's employees depending upon the overall performance of the Group. The Group also provides appropriate training programmes for benefits to employees' better personal development and growth.

Mr. Tam Ping Wah resigned as an executive director of the Company with effect from 19 July 2004.

Pursuant to the Company's share option scheme adopted on 28 May 2002 for a period of 10 years, the Company may offer to any employee of the Group options to subscribe for shares in the Company. No share option was outstanding as at 30 June 2004.

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

1. Interests in the Company

One of the directors who held office at 30 June 2004 had the following interests in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"):

Name of director	Nature of interest	Number of shares
Mr. Cheung Wah Hing	Personal	358,400

2. Interests in associated corporation

Tomorrow International Holdings Limited ("Tomorrow")

At 30 June 2004, the interests of the directors of the Company in the shares and underlying shares of Tomorrow, the intermediate holding company of the Company and whose shares are listed on the Stock Exchange, as recorded in the register maintained by Tomorrow pursuant to Section 352 of the SFO or notified to Tomorrow pursuant to the Model Code were as follows:

Name of Director	Notes	Nature of interest	Number of shares
Mr. Yau Tak Wah, Paul	1	Corporate	14,847,400
Mr. Tam Ping Wah	2	Corporate	8,000

Notes:

- These shares were held through Pacific Shore Profits Limited, a company beneficially owned by Mr. Yau Tak Wah, Paul.
- These shares were held through Strong Trend International Limited, a company beneficially owned by Mr. Tam Ping Wah.

Save as disclosed herein, none of the directors or their associates held any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

The Company had a share option scheme approved on 28 May 2002 under which the directors might grant options to eligible participants to subscribe up to 10% of the nominal amount of the issued share capital of the Company. As at 30 June 2004, the Company has no share options outstanding.

Save as disclosed herein, none of the directors or their associates held any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2004, the following interests of 5% or more in the issued share capital of the Company was recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

Name	Number of ordinary shares held	Percentage of the Company's issued share capital
(i) Winspark Venture Limited ("Winspark Venture")	1,593,599,230	51.0%
(ii) Tomorrow	1,593,599,230	51.0%
(iii) Fortune Dynamic	1,593,599,230	51.0%
(iv) Probest	1,593,599,230	51.0%
(v) Rich Global Investments Limited	312,486,000	10.0%
(vi) Kingsway Lion Spur Technology Limited	281,238,000	9.0%

Winspark Venture was (or was deemed to be) interested in 1,593,599,230 ordinary shares in the Company by virtue of its 58% shareholding in Tomorrow, which in turn, held 100% shareholding in Fortune Dynamic. Fortune Dynamic held 100% shareholding in Probest, which in turn, held 1,593,599,230 shares of the Company. The entire issued share capital of Winspark Venture is beneficially owned by Mr. Chan Yuen Ming. Accordingly, the interests disclosed by parties (i), (ii) (iii) and (iv) above are in respect of the same shareholding.

Save as disclosed above, the directors of the Company are not aware of any person who is, directly or indirectly, interested in 5% or more of the issued share capital of the Company, has short positions on the shares or underlying shares, or has any rights to subscribe for shares in respect of such capital.

PURCHASE, REDEMPTION OR SALE OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2004.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2004, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's articles of association.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions and all its directors have complied with required standard set out in the Model Code throughout the accounting period covered by the interim report.

DIRECTORS

As at the date hereof, the Board of the Company comprises Mr. Yau Tak Wah, Paul, Ms. Louie Mei Po, Ms. Wong Shin Ling, Irene, Mr. Tam Wing Kin and Mr. Cheung Wah Hing as Executive Directors and Mr. Hahn Ka Fai, Mark and Ms. Shum Wai Ting, Rebecca as Independent Non-executive Directors.

REVIEW BY AUDIT COMMITTEE

The 2004 interim report has been reviewed by the Audit Committee which comprises of two independent non-executive directors of the Company. The audit committee was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls.

On behalf of the Board
Yau Tak Wah, Paul
Executive Director

Hong Kong, 24 September 2004