



ABC Communications (Holdings) Limited

(Incorporated in Bermuda with limited liability)

Interim Report 2004/2005

CORPORATE INFORMATION

Board of Directors:

Non-Executive Chairman:

Tse Chi Hung, Michael

Executive Directors:

Yeung Shuk Kwan, Patricia

(Managing Director)

George Joseph Ho *(Executive Director)*

Joey Fan *(Executive Director)*

(appointed on 30th September 2004)

Non-Executive Directors:

Fu Hau Chak, Adrian**

George Ho, GBS, OBE, JP

Kwok Chi Hang, Lester, JP*

(appointed on 30th September 2004)

Leung Kwok Kit, FCPA, FCMA,

CPA (Aust)#

Li Kwok Sing, Aubrey**

David Miao

* *Independent Directors*

Audit Committee members

Secretary:

Yeung Shuk Kwan, Patricia

Registered Office:

Clarendon House,

2 Church Street,

Hamilton HM11,

Bermuda.

Principal Place of Business:

2nd Floor,
Jade Mansion,
40 Waterloo Road,
Yaumatei,
Kowloon,
Hong Kong.

Auditors:

PricewaterhouseCoopers

Registrars:

Computershare Hong Kong

Investor Services Limited

17th Floor,

Hopewell Centre,

183 Queen's Road East,

Hong Kong.

Principal Bankers:

The Bank of East Asia, Limited

The Hongkong & Shanghai Banking

Corporation Limited

Credit Suisse

Solicitors:

Stephenson Harwood & Lo

Lo and Lo

Homepage

www.hkabc.com

**HIGHLIGHTS OF UNAUDITED RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2004**

	2004 HK\$	2003 HK\$	Percentage change
Turnover	12,286,698	10,034,052	+ 22.45%
Operating profit	84,899,551	2,990,580	+ 2,738.90%
Profit attributable to shareholders	84,773,261	2,726,973	+ 3,008.69%
Profit per share	18.16 cents	0.58 cents	+ 3,031.03%

The Directors are pleased to present the Group's Interim Report and condensed accounts for the six months ended 30th September 2004. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six months ended 30th September 2004, and the consolidated balance sheet as at 30th September 2004 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 3 to 13 of this report.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2004

		Unaudited Six months ended 30th September 2004 HK\$	Unaudited Six months ended 30th September 2003 HK\$
Turnover	2	12,286,698	10,034,052
Cost of sales		<u>(8,366,440)</u>	<u>(6,728,203)</u>
Gross profit		3,920,258	3,305,849
Other revenues		2,247,337	5,031,836
Other operating income		88,595,691	7,794,986
Selling and distribution costs		(809,679)	(763,299)
General and administrative expenses		(8,520,923)	(10,709,868)
Other operating expenses		<u>(533,133)</u>	<u>(1,668,924)</u>
Operating profit	3	84,899,551	2,990,580
Finance costs		<u>(126,290)</u>	<u>(263,607)</u>
Profit attributable to shareholders		<u>84,773,261</u>	<u>2,726,973</u>
Dividends	5	<u>(9,337,720)</u>	<u>(4,668,860)</u>
Profit per share	6	<u>18.16 cents</u>	<u>0.58 cents</u>

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2004**

		Unaudited 30th September 2004 HK\$	Audited 31st March 2004 HK\$
Non-current assets			
Property, plant and equipment		35,437,849	36,560,491
Investment securities		61,800,291	84,727,237
		<u>97,238,140</u>	<u>121,287,728</u>
Current assets			
Accounts receivable	7	1,452,951	1,678,417
Other current assets		5,933,250	5,903,729
Pledged deposits		51,212,124	51,052,338
Cash and bank balances		173,479,864	113,598,102
		<u>232,078,189</u>	<u>172,232,586</u>
Current liabilities			
Other current liabilities		3,177,472	3,112,735
Trade and other payables	8	2,434,854	2,289,302
Bank loans, secured		41,196,726	43,669,579
		<u>46,809,052</u>	<u>49,071,616</u>
Net current assets		<u>185,269,137</u>	<u>123,160,970</u>
Total assets less current liabilities		<u>282,507,277</u>	<u>244,448,698</u>
Capital and reserves			
Share capital		46,688,600	46,688,600
Reserves		235,818,677	197,760,098
Shareholders' equity		<u>282,507,277</u>	<u>244,448,698</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2004**

	Unaudited Six months ended 30th September 2004 HK\$	Unaudited Six months ended 30th September 2003 HK\$
Net cash outflow from operating activities	(3,383,355)	(10,117,135)
Net cash inflow from investing activities	110,139,585	32,312,875
Net cash outflow from financing activities	<u>(46,688,600)</u>	<u>(4,668,860)</u>
Net increase in cash and cash equivalents	60,067,630	17,526,880
Cash and cash equivalents at 1st April 2004/2003	164,650,440	89,333,055
Effect of foreign exchange rate changes	<u>(26,082)</u>	<u>161,539</u>
Cash and cash equivalents at 30th September 2004/2003	<u>224,691,988</u>	<u>107,021,474</u>
Analysis of balances of cash and cash equivalents :		
Bank balances and cash (pledged deposits included)	<u>224,691,988</u>	<u>107,021,474</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2004**

	Share capital HK\$	General reserve HK\$	Asset replacement reserve HK\$	Property revaluation reserve HK\$
At 1st April 2003	46,688,600	2,000,000	5,150,000	257,085
Profit for the period	-	-	-	-
Exchange differences arising on translation of subsidiaries	-	-	-	-
Realisation of reserve on disposal of investment securities	-	-	-	-
2003 final dividend paid	-	-	-	-
At 30th September 2003	<u>46,688,600</u>	<u>2,000,000</u>	<u>5,150,000</u>	<u>257,085</u>
At 1st April 2004	46,688,600	2,000,000	5,150,000	-
Profit for the period	-	-	-	-
2004 final dividend paid	-	-	-	-
Exchange differences arising on translation of subsidiaries	-	-	-	-
At 30th September 2004	<u>46,688,600</u>	<u>2,000,000</u>	<u>5,150,000</u>	<u>-</u>

Contributed surplus HK\$	Share premium HK\$	Capital redemption reserve HK\$	Capital reserve HK\$	Exchange reserve HK\$	Retained profits/ (accumulated losses) HK\$	Total HK\$
90,681,578	76,470,297	176,000	3,662,954	182,773	(16,768,214)	208,501,073
-	-	-	-	-	2,726,973	2,726,973
-	-	-	-	161,541	-	161,541
-	-	-	(3,384,569)	-	-	(3,384,569)
-	-	-	-	-	(4,668,860)	(4,668,860)
<u>90,681,578</u>	<u>76,470,297</u>	<u>176,000</u>	<u>278,385</u>	<u>344,314</u>	<u>(18,710,101)</u>	<u>203,336,158</u>
90,681,578	76,470,297	176,000	278,385	(41,862)	23,045,700	244,448,698
-	-	-	-	-	84,773,261	84,773,261
-	-	-	-	-	(46,688,600)	(46,688,600)
-	-	-	-	(26,082)	-	(26,082)
<u>90,681,578</u>	<u>76,470,297</u>	<u>176,000</u>	<u>278,385</u>	<u>(67,944)</u>	<u>61,130,361</u>	<u>282,507,277</u>

NOTES TO CONDENSED INTERIM ACCOUNTS

1 Principal accounting policies

These unaudited condensed consolidated accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants.

These condensed accounts should be read in conjunction with the 2004 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st March 2004.

2 Segment information

The Group is principally engaged in the business of technology development, financial quotation services, and in telecommunications investments.

Primary reporting format – business segments

The Group is organised on a worldwide basis into the following business segments:

- Financial quotation, securities trading system licensing, and sales of related products
- Wireless applications
- Corporate activities and investment holdings - holding of corporate assets and liabilities

Secondary reporting format – geographical segments

Although the Group's business segments are managed on a worldwide basis, they operate in the following main geographical areas:

Hong Kong	:	Financial quotation, securities trading system licensing, and sales of related products, facility management consultancy and solutions, wireless applications, and corporate activities and investment holdings
Asia	:	Financial quotation, securities trading system licensing, and sales of related products, and investment holdings
Canada and United States	:	Investment holdings

2 Segment information (continued)

(a) Primary reporting format – business segments

An analysis of the Group's revenues and results for the period by business segment is as follows:

	Six months ended 30th September 2004			
	Financial quotation, securities trading system licensing, and sales of related products HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
Turnover from external customers	<u>12,257,019</u>	<u>29,679</u>	<u>-</u>	<u>12,286,698</u>
Segment results	<u>204,862</u>	<u>(1,208,243)</u>	<u>(4,816,196)</u>	<u>(5,819,577)</u>
Other income				
– Interest income	-	-	-	1,064,464
– Dividend income	-	-	-	649,539
– Rental income	-	-	-	533,334
– Gain on disposal of listed investments	-	-	88,471,791	<u>88,471,791</u>
Operating profit				<u>84,899,551</u>
Finance costs				<u>(126,290)</u>
Profit attributable to shareholders				<u><u>84,773,261</u></u>

2 Segment information (continued)

(a) Primary reporting format – business segments (continued)

	Six months ended 30th September 2003			
	Financial quotation, securities trading system licensing, and sales of related products HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
Turnover from external customers	<u>9,974,780</u>	<u>59,272</u>	<u>-</u>	<u>10,034,052</u>
Segment results	<u>(1,176,100)</u>	<u>(1,949,235)</u>	<u>(4,996,817)</u>	<u>(8,122,152)</u>
Other income/(expenses)				
– Interest income	-	-	-	517,493
– Dividend income	-	-	-	3,981,009
– Rental income	-	-	-	533,334
– Loss on disposal of other investments	-	-	(849,332)	(849,332)
– Gain on disposal of listed investments	-	-	6,930,228	<u>6,930,228</u>
Operating profit				2,990,580
Finance costs				<u>(263,607)</u>
Profit attributable to shareholders				<u><u>2,726,973</u></u>

2 Segment information (continued)

(b) Secondary reporting format – geographical segments

An analysis of the Group's turnover and contribution to operating profit for the period by geographical segments is as follows:

	Turnover		Operating profit	
	Six months ended 30th September 2004 HK\$	Six months ended 30th September 2003 HK\$	Six months ended 30th September 2004 HK\$	Six months ended 30th September 2003 HK\$
By principal markets:				
Hong Kong	12,286,698	10,034,052	(4,202,304)	(638,107)
Asia				
– Taiwan	-	-	89,106,130	2,848,519
– Others	-	-	(4,275)	(4,769)
Canada and United States	-	-	-	784,937
	<u>12,286,698</u>	<u>10,034,052</u>	<u>84,899,551</u>	<u>2,990,580</u>

3 Operating profit

	Six months ended 30th September 2004 HK\$	Six months ended 30th September 2003 HK\$
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Operating profit is stated after crediting and charging the following:

Crediting

Gross rental income from investment property	533,334	533,334
Gain on disposal of listed investments	<u>88,471,791</u>	<u>6,930,228</u>

Charging

Depreciation of owned property, plant and equipment	1,684,698	2,193,014
Loss on disposal of other investments	-	849,332
Outgoings in respect of investment property	<u>38,457</u>	<u>33,703</u>

4 Taxation

No provision for Hong Kong or overseas profits tax has been made as the Group has no estimated assessable profit for the period (2003: Nil).

There was no material unprovided deferred taxation for the period (2003: Nil).

5 Dividends

	Six months ended 30th September 2004 HK\$	Six months ended 30th September 2003 HK\$
Interim dividend, of 2 cents (2003: 1 cent) per share	<u>9,337,720</u>	<u>4,668,860</u>

- (a) At a meeting held on 25th June 2004, the directors proposed a final dividend of 10 cents per share for the year ended 31st March 2004, which was paid on 28th July 2004 and has been reflected as an appropriation of retained profits for the six months ended 30th September 2004.
- (b) At a meeting held on 9th December 2004, the directors declared an interim dividend of 2 cents per share for the year ending 31st March 2005. This dividend is not reflected as a dividend payable in these condensed accounts, but will be reflected as an appropriation of retained profits for the year ending 31st March 2005.

6 Profit per share

The profit per share is calculated based on the profit attributable to shareholders of HK\$84,773,261 (2003: HK\$2,726,973) and on the weighted average number of 466,886,000 (2003: 466,886,000) shares in issue during the period.

Diluted profit per share is not presented as the exercise of the outstanding share options of the Company would be anti-dilutive in respect of both periods presented.

7 Accounts receivable

The Group has granted credit to substantially all its corporate trade debtors ranging from 14 to 90 days. The ageing analysis of accounts receivable is as follows:

	0-3 months HK\$	4-6 months HK\$	Over 6 months HK\$	Total HK\$
Balance at 30th September 2004	<u>1,450,951</u>	<u>2,000</u>	<u>-</u>	<u>1,452,951</u>
Balance at 31st March 2004	<u>1,622,417</u>	<u>48,000</u>	<u>8,000</u>	<u>1,678,417</u>

8 Trade and other payables

The ageing analysis of trade and other payables is as follows:

	0-3 months HK\$	4-6 months HK\$	Over 6 months HK\$	Total HK\$
Balance at 30th September 2004	<u>2,434,854</u>	<u>-</u>	<u>-</u>	<u>2,434,854</u>
Balance at 31st March 2004	<u>2,289,302</u>	<u>-</u>	<u>-</u>	<u>2,289,302</u>

9 Commitments

(a) Capital commitments

	30th September 2004 HK\$	31st March 2004 HK\$
Contracted but not provided for in respect of - investment in investment securities	<u>7,772,000</u>	<u>9,708,750</u>

(b) Future minimum lease receipts

As at 30th September 2004, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment property as follows:

	30th September 2004 HK\$	31st March 2004 HK\$
Not later than one year	800,000	1,200,000
Later than one year and not later than five years	<u>-</u>	<u>200,000</u>
	<u>800,000</u>	<u>1,400,000</u>

INTERIM DIVIDEND

The Directors have declared an interim dividend of 2 cents per share (2003: 1 cent) for the fiscal year ending 31st March 2005 payable to shareholders whose names appear in the Register of Members at the close of business on 7th January 2005 (Friday). Dividend warrants will be posted to shareholders on 14th January 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from **4th January 2005 (Tuesday) to 7th January 2005 (Friday)**, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Ltd., 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 pm on **3rd January 2005 (Monday)**.

BUSINESS REVIEW AND PROSPECTS

Operations Review

During the period under review, the Group recorded a turnover of HK\$12.3 million, an increase of 22.5% over that for the same period in the previous year, due to an increase in income in our on-line quotation services. A net profit of HK\$84.8 million was posted for the half-year, as against a profit of HK\$2.7 million for the comparable period last year. The substantial gain in profits was primarily attributed to our investment gains of approximately HK\$88.5 million from share disposals in Far Eastone Telecommunications Limited during the period under review.

Management Analysis And Discussion

On-line Quotations and Trading System

QuotePower's financial performance continued to improve in the relevant period. Its revenue grew by 22.8% to HK\$12.3 million, as compared to the same period in the previous year. This business unit reported modest earnings of HK\$0.15 million before depreciation. We are particularly encouraged by the resumed spending of our corporate customers since earlier this year. We expect QuotePower to continue with its path of steady growth, barring a severe downturn in the stock market.

BUSINESS REVIEW AND PROSPECTS *(continued)***Management Analysis And Discussion** *(continued)**Wireless Applications*

The revenue stream of ABC QuickSilver remained weak in the period under review, as most of its applications were provided to mobile networks on a revenue-sharing basis. We will continue to keep our costs down while exploring new business opportunities.

Telecommunications Investments

While Taiwan cellular operator Far Eastone continued to report pleasing results during the relevant period, market uncertainties subsequent to the Presidential Election in Taiwan have led us to a review of and a consequent change of intent with regard to our remaining long-term holdings in Far Eastone. Taking advantage of the rebound in Far Eastone's shares since July, our Group sold between July and August 12,178,000 shares in Far Eastone on the market. Including the 2,500,000 shares disposed of earlier in the period and already disclosed in the Annual Report for the year 2003/2004, we divested during the period in review an aggregate of 14,678,000 shares in Far Eastone, at an average price of NT\$33.3 per share. A net gain of approximately HK\$88.5 million was realized from these disposals. The Group still held as at 30th September 2004 a total of 306,359 shares in Far Eastone Telecommunications Limited.

Outlook and Prospects

After the divestment of substantially all our cellular investments in Taiwan, e-Access of Japan is currently the largest overseas investment in our portfolio. The broadband operator is continuing to grow at an impressive rate and has recently reported mid-year earnings growth of more than six times those of the comparable period last year. We are optimistic about the company's prospects and the returns it will ultimately generate for our Group.

Although our investments in the Wireless Internet Fund and Taiwan paging and Internet company, SaveCom International Inc., are not likely to contribute to our net income in the imminent future, their performance in recent months has led us to believe that both investments will be able to deliver better results in the years ahead.

LIQUIDITY, CAPITAL STRUCTURE AND TREASURY MANAGEMENT

As at 30th September 2004, our Group had cash and bank balances of HK\$224.7 million of which HK\$51.2 million had been pledged to secure a Japanese yen loan.

Our Group had total banking facilities of HK\$56.4 million of which HK\$41.2 million had been utilised. Our Group's total debts stood at HK\$41.2 million at 30th September 2004 and the ratio of total debts to total capital employed was 13%. All bank loans outstanding at 30th September 2004 were denominated in foreign currencies to minimize our foreign exchange risk exposure over our investments in Japan. The bank loans are repayable within one year and bear interest at prevailing market rates.

	30th September 2004		31st March 2004	
	HK\$	%	HK\$	%
Bank loans	41,196,726	13	43,669,579	15
Shareholders' equity	282,507,277	87	244,448,698	85
Total capital employed	<u>323,704,003</u>	<u>100</u>	<u>288,118,277</u>	<u>100</u>

PLEDGE OF ASSETS

As at 30th September 2004, time deposits of HK\$51.2 million were pledged to secure general banking facilities granted to our Group.

CONTINGENT LIABILITIES

Apart from an outstanding funding commitment of up to HK\$7.8 million to a Wireless Internet Fund, our Group has no material contingent liabilities.

EMPLOYEE REMUNERATION POLICY

As at 30th September 2004, the Group had approximately 45 employees. Total salaries and related costs incurred for the period ended 30th September 2004 amounted to HK\$6.0 million. Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical schemes. The Company may also grant share options to eligible employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DIRECTORS' INTERESTS

At 30th September 2004, the interests of the directors in the shares and options 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 were as follows:

Name	Personal interests	Number of Ordinary Shares			Percentage
		Corporate interests (Note (i))	Family interests	Total interests	
George Ho	8,530,000	265,331,600	-	273,861,600	58.66%
Joey Fan	13,040,000	-	-	13,040,000	2.79%
Tse Chi Hung Michael	12,150,006	-	-	12,150,006	2.60%
Yeung Shuk Kwan Patricia	5,450,000	-	-	5,450,000	1.17%
George Joseph Ho	4,462,000	-	-	4,462,000	0.96%
Leung Kwok Kit	3,306,600	-	-	3,306,600	0.71%
Li Kwok Sing Aubrey	186,000	-	-	186,000	0.04%

Rights in respect of which options are held/exercisable under the Company's Employee Share Option Scheme:

Name of Director	Outstanding Options	Exercise Price	Exercise Period
Yeung Shuk Kwan Patricia	1,000,000	\$1.41	23 March 2000 to 22 February 2010
	1,000,000	\$1.41	23 February 2001 to 22 February 2010
George Joseph Ho	250,000	\$1.41	23 March 2000 to 22 February 2010
	250,000	\$1.41	23 February 2001 to 22 February 2010

DIRECTORS' INTERESTS *(continued)*

Note:

- (i) H.C.B.C. Communications (International) Limited and its parent, H.C.B.C. Enterprises Limited, together held 265,331,600 shares of the Company, Mr. George Ho is deemed to be interested in the voting shares of H.C.B.C. Communications (International) Limited and H.C.B.C. Enterprises Limited as a result of his holdings in H.C.B.C. Enterprises (BVI) Limited, the ultimate holding company of H.C.B.C. Enterprises Limited.

As at 30th September 2004, the directors' interests in associated corporations of the Company (within the meaning of the SFO) were as follows:

- (a) Mr. George Ho held 11,596 non-voting "B" shares in H.C.B.C. Communications (International) Limited. H.C.B.C. Enterprises Limited held all the issued 312,000 "A" voting shares and 11,474 non-voting "B" shares in H.C.B.C. Communications (International) Limited.
- (b) Mr. George Ho was beneficially interested in 100,000 Management Shares and 795,600 Ordinary Shares, in H.C.B.C. Enterprises (BVI) Limited. Mr. George Ho was beneficially interested in 23.15 per cent in the issued share capital of Goddard & Company Limited. Goddard & Company Limited held 5,000 Management Shares and 933,250 Ordinary Shares of H.C.B.C. Enterprises (BVI) Limited. H.C.B.C. Enterprises (BVI) Limited held all the issued share capital of H.C.B.C. Enterprises Limited.
- (c) Those directors set out below were personally interested in the following numbers of non-voting Deferred Shares in the capital of ABC Communications Limited, a subsidiary of the Company:

Name	Number of Deferred Shares
George Ho	10,605 (note (i))
Tse Chi Hung Michael	11,642
Yeung Shuk Kwan Patricia	4,000
Leung Kwok Kit	5,900

Note:

- (i) Mr. George Ho also held corporate interests through H.C.B.C. Enterprises Limited in 190,690 non-voting Deferred Shares in the capital of ABC Communications Limited.

DIRECTORS' INTERESTS *(continued)*

All the interests stated above represent long positions. Save as disclosed in the above paragraphs, as at 30th September 2004 none of the directors or any chief executive of the Company or any of their spouse or children under the age of 18 years had any (nor was deemed under the SFO to have any) interests or short positions in the securities of the Company or any associated corporation (within the meaning of the SFO) which were required to be entered in the register kept by the Company pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 30th September 2004, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests, being 5 per cent or more of the Company's issued share capital.

Name	Number of Ordinary Shares held	Percentage
H.C.B.C. Enterprises (BVI) Limited	265,331,600	56.83%

Note: In the avoidance of doubt and double counting, it should be noted that the above shareholding has been included in the shareholding stated against Mr. George Ho shown under Directors' interests.

All the interests stated above represent long positions. Save as disclosed herein, there is no person known to the directors who, as at 30th September 2004, was directly or indirectly interested in 5 per cent or more of the nominal value of any class of share capital of the Company required to be recorded in the register kept pursuant to Section 336 of the SFO.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six-month period covered by the Interim Report, in compliance with the Code of Best Practice as set out in the Listing Rules of The Stock Exchange of Hong Kong Limited except that the independent non-executive directors of the Company were not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive directors and one non-executive director. The Audit Committee has reviewed and confirmed the unaudited interim results announcement and report for the period.

By Order of the Board
Yeung Shuk Kwan Patricia
Managing Director

Hong Kong, 9th December 2004