

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the six months ended 31 December 2004, the Group had no material acquisitions and disposals of subsidiaries.

As at 31 December 2004, the Group had no material investment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2004, the Group employed a total of 9 employees. They were remunerated according to market conditions.

CONTINGENT LIABILITIES

As at 31 December 2004, the Group has provided a corporate guarantee of HK\$80 million to a bank in respect of an installment loan granted to an independent third party and the Group's leasehold land and buildings with a net book value of approximately HK\$124 million has also pledged to the bank as security. Details of guarantee given were announced by the Group on 3 December 2004.

INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of any interim dividend for the six months ended 31 December 2004.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2004, the interests and short positions of the directors and chief executives of the Company in the shares and underlying shares of the Company or any of 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 by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies (the "Model Code") were as follows:

PALADIN LIMITED

Ordinary shares of HK\$0.50 each of the Company (long position):

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Chen Te Kuang Mike	Beneficial owner	5,000,000	0.95%
	Held by a controlled corporation (<i>Note</i>)	<u>21,035,000</u>	<u>3.98%</u>
		26,035,000	4.93%
Oung Shih Hua, James	Beneficial owner	5,000,000	0.95%

Note: These shares are held by Goldenfield Equities Limited, a company in which Mr. Chen Te Kuang Mike has beneficial interest.

Save as disclosed above, as at 31 December 2004, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2004, the persons (other than the directors of the Company) who had interests and short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long position

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Five Star Investments Limited	Beneficial owner	267,815,017	50.7%

PALADIN LIMITED

Other than as disclosed above, as at 31 December 2004 the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

AUDIT COMMITTEE

The interim financial report of the Group for the six months ended 31 December 2004 has not been audited by the Group's auditors, but has been reviewed by the audit committee.

CODE OF BEST PRACTICE AND MODEL CODE

The Company complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules during the six months ended 31 December 2004, except that the non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules. Based on specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards of the said code during the six months ended 31 December 2004.

By order of the Board
Law Fong
ACTING CHAIRMEN

Hong Kong, 24 March 2005

As at the date of this announcement, the executive directors of the Company are Mr. LAW Fong and Mr. CHEN Te Kuang Mike, the non-executive director is Mr. OUNG Shih Hua James and the independent non-executive directors are Mr. ZHU Pei Qing, Ms. LU Ti Fen and Mr. KWOK Wai Chi.