

## LIQUIDITY AND FINANCIAL RESOURCES

Basically, the Group's working capital requirement was financed by its rental income. As at 31 March 2005, the Group had cash and bank balances totalling HK\$36.7 million. During the period, the Group did not need any borrowings or overdraft facilities.

## EMPLOYEES AND REMUNERATION POLICIES

The Group employs a total of 18 employees. The Group recognises the importance of the strength of its human resources for its success. Pay rates of employees are maintained at competitive levels and promotion and salary increments are assessed on a performance related basis.

## Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 March 2005, the interests or short positions of the Directors and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:-

	Number of shares held		Approximate percentage of shareholding
	Personal interests	Corporate interests	
<b>Directors</b>			
Mr. Chung Ming Fai	12,000,500	1,000 (note)	48.00%
Mr. Chung Yin Shu, Frederick	1,875	–	0.01%
<b>Chief Executive</b>			
Mr. Ho Tak Him	1,000	–	–

### Note:

Mr. Chung Ming Fai controls more than one-third of the voting power of Fu Hop Investment Company Limited which holds 1,000 shares in the Company.

## **Substantial Shareholders' Interests in Shares**

As at 31 March 2005, the register of interests in shares or short positions kept under section 336 of the SFO showed that, other than the interests of directors as set out above, Chow Tai Fook Enterprises Limited ("CTF") was interested in 5% or more of the issued share capital of the Company. CTF, together with its associated companies, has a beneficial interest in 6,762,750 shares of the Company, representing 27.05% of the Company's issued share capital.

Save for the interests in shares referred to above, no other person is recorded in the register kept pursuant to Section 336 of the SFO as having an interest in 5% or more of the issued share capital of the Company as at 31 March 2005.

## **Purchase, Sale or Redemption of Shares**

The Company has not redeemed any of its shares during the six months ended 31 March 2005. Neither the Company nor its subsidiary company has purchased or sold any of the Company's shares in the same period.

## **Audit Committee**

The Audit Committee has reviewed the unaudited interim financial report in conjunction with the auditors. The auditors conducted their review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the HKICPA. The review consisted of management enquiries and analytical procedures, but excluded audit procedures. On 13 June 2005, the Committee met with the management and the auditors to review the interim report and consider the significant accounting policies.

## **Code of Best Practice**

During the financial period, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company.

## **Model Code for Securities Transactions by Directors**

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 March 2005.

**Dato' Dr. Cheng Yu Tung**  
Chairman

Hong Kong, 22 June 2005