

Notes:

- (a) 732,000,000 ordinary shares and 146,400,000 warrants of the Company were beneficially owned by Angers Investments Limited (“AIL”). All the issued share capital of AIL is beneficially owned by a private company which is in turn wholly-owned by Mr. Thomas Chan Chun Hoo.
- (b) Mr. Charles Ip Shu Wing has a personal interest of one share in Nippon Toys Limited, an associated company of the Group.
- (c) 4,200,000 ordinary shares and 840,000 warrants of the Company were held by a private company which is 50% owned by Mr. David Yu Hon To and 50% owned by a member of his family.

The percentage shown was the number of shares or underlying shares the relevant director was interested expressed as a percentage of the number of issued shares as at 30 June 2005.

The warrants are exercisable at any time from 24 May 2005 to 23 May 2006, both dates inclusive, at an initial subscription price of HK\$2.03 per share (subject to adjustment) and subject to the terms and conditions under the Warrant Instrument dated 20 May 2005.

Details of the share options held by the directors and chief executive of the Company are disclosed in the above section headed “Share Options”.

As at 30 June 2005, none of the directors and chief executive of the Company was interested or deemed to be interested in short positions in the shares, underlying shares of equity derivatives and debentures of the Company or any associated corporation.

SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY REQUIRED TO BE RECORDED UNDER SECTION 336 OF THE SFO

Apart from the interests disclosed above in respect of directors and chief executive of the Company, as at 30 June 2005, no other party had an interest or a short position in the shares and underlying shares of the Company, being 5% or more of the Company’s issued share capital, as recorded in the register required to be kept under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The Company has complied with the Code on Corporate Governance Practices (“Code on Corporate Governance”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2005 except for the deviation from A.2.1 of the Code on Corporate Governance in respect of segregation of the roles of chairman and chief executive officer.

A.2.1 of the Code on Corporate Governance stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board currently comprises two executive directors (one of whom is the Chairman) and five non-executive directors. Of the five non-executive directors, three of them are independent non-executive directors which represent more than one-third of the Board. Mr. Thomas Chan Chun Hoo is the Chairman and chief executive officer of the Company. He is primarily responsible for leadership of the Board, ensuring the effectiveness on all aspects of its role and setting its agenda, whereas clearly established executive responsibilities for running of the business of the Group lie with different designated senior executives. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the business of the Group given that there is a strong and independent non-executive element on the Board and a clear division of responsibility for the running of the business of the Group. The Board has full confidence in Mr. Thomas Chan Chun Hoo and believes that the structure outlined above is beneficial to the Company and its business.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed interim accounts for the six months ended 30 June 2005.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by directors of the Company. Having made specific enquiry of all directors, the directors had complied with the required standard set out in the Model Code throughout the period ended 30 June 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 20 September 2005 to 21 September 2005, both dates inclusive, during which period no transfer of shares will be effected. In order to be qualified for the declared dividend, all completed transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars, Abacus Share Registrars Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:00 p.m. on 16 September 2005.

On behalf of the Board
Thomas CHAN Chun Hoo
Chairman

Hong Kong, 29 August 2005