

All the said advances were unsecured, repayable on demand and were funded by internal resources and/or bank borrowings and were made for the purpose of providing investment funds and/or working capital.

Set out below is a proforma combined balance sheet of the above affiliated companies as at 30th June 2005 (being the latest practicable date for determining the relevant figures) required to be disclosed under Chapter 13 of the Listing Rules:–

Proforma Combined Balance Sheet as at 30th June 2005

	<i>HK\$'000</i>
Fixed assets	976,045
Net current liabilities	(112,239)
Bank loans and shareholders' loans – long term	<u>(585,208)</u>
Surplus in shareholders' funds	<u><u>278,598</u></u>

The aggregate of the Group's advances to affiliated companies as at 30th June 2005 amounted to HK\$81,726,000 which represents approximately 8.0% of the Group's total assets as at 30th June 2005.

PURCHASE, SALE OR REDEMPTION OF SHARES

There has been no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the six months ended 30th June 2005.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that, in the six months ended 30th June 2005, the Group was, save as disclosed below, in compliance with the code provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules.

Code A.4.2 requires that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Steps are being taken to amend the bye-laws of the Company with a view to ensuring full compliance with the requirements of this Code provision. One of the major steps required is to amend or repeal The Kader Holdings Company Limited Company Act 1990 of Bermuda, which is a private Act pursuant to which the Company was incorporated. The Company has retained a firm of legal advisers in Bermuda to advise on and undertake this.