The Board of Directors (the "Board") of Tomorrow International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005 with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June **2005** **HK$'000** **(unaudited)**	 2004 HK$'000 (unaudited) (restated)
Turnover	4	**289,964**	352,712
Cost of sales		**(252,017)**	(307,696)
Gross profit		**37,947**	45,016
Other revenue		**11,740**	14,823
Gain on disposal of partial interest in subsidiaries, net		**43,122**	8,144
Reversal of impairment loss on interest in an associate		**–**	4,700
Surplus on revaluation of leasehold land and buildings		**–**	1,843
Write-back of provision for properties held for sale		**–**	5,780
Selling and distribution costs		**(11,763)**	(13,507)
Administrative expenses		**(48,797)**	(51,026)
Other operating expenses		**(134)**	(424)
Profit from operating activities	5	**32,115**	15,349
Share of profits less losses of associates		**1,524**	357
Profit before taxation		**33,639**	15,706
Taxation	6	**198**	(359)
Profit for the period		**33,837**	15,347
Attributable to:			
Shareholders of the Company		**37,066**	20,159
Minority interests		**(3,229)**	(4,812)
		33,837	15,347
Earnings per share	7		
Basic		**12.96 cents**	7.05 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2005 HK$'000 (unaudited)	As at 31 December 2004 HK$'000 (audited) (restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**109,273**	165,111
Investment properties		**46,400**	93,000
Leasehold land		**2,383**	2,414
Negative goodwill		**–**	(27,284)
Interests in associates		**149,076**	37,220
Prepaid rental		**2,272**	2,640
Deferred product development costs		**6,562**	5,861
Available-for-sale financial assets		**23,771**	–
Loans receivable		**51,000**	2,000
		390,737	280,962
Current assets			
Properties held for sale		**8,339**	6,000
Short term investments		**6,022**	7,491
Inventories		**59,957**	89,410
Accounts receivable	8	**74,035**	115,889
Bills receivable		**–**	574
Loans and loan interest receivable		**18,829**	1,086
Prepayments, deposits and other receivables		**68,833**	17,624
Time deposits		**264,718**	290,469
Cash and bank balances		**63,493**	107,255
		564,226	635,798
LIABILITIES			
Current liabilities			
Accounts payable	9	**82,087**	92,704
Amounts due to associates		**–**	12,647
Other payables and accruals		**23,185**	30,423
Tax payable		**19,370**	20,133
		124,642	155,907
Net current assets		**439,584**	479,891
Total assets less current liabilities		**830,321**	760,853

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

	Note	As at 30 June 2005 HK$'000 (unaudited)	As at 31 December 2004 HK$'000 (audited) (restated)
Non-current liabilities			
Provision for long service payments		**570**	949
Deferred tax liabilities		**2,319**	1,433
		2,889	2,382
NET ASSETS		**827,432**	758,471
CAPITAL AND RESERVES			
Issued capital	10	**2,861**	2,861
Reserves		**806,664**	734,474
Equity available to shareholders of the Company		**809,525**	737,335
MINORITY INTERESTS		**17,907**	21,136
TOTAL EQUITY		**827,432**	758,471

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2005 – unaudited

	Attributable to shareholders of the Company												
	Share capital HK$'000	Share premium HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Property revaluation reserve HK$'000	Investment property reserve HK$'000	Re-valuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance at 31 December 2004 – as previously reported as equity	2,861	200,556	1,942	801	283,208	77	375	9,652	–	239,749	739,221	–	739,221
Balance at 31 December 2004 – as previously separately reported as minority interest	–	–	–	–	–	–	–	–	–	–	–	21,136	21,136
Prior period adjustments in respect of: – transfer as a result of change in accounting policy for leasehold land	–	–	–	–	–	–	(68)	–	–	(1,818)	(1,886)	–	(1,886)
Balance at 31 December 2004 (as restated)	2,861	200,556	1,942	801	283,208	77	307	9,652	–	237,931	737,335	21,136	758,471
Derecognition of negative goodwill	–	–	–	–	–	–	–	–	–	27,284	27,284	–	27,284
Transfer as a result of the change in accounting policy for investment properties (net of deferred tax)	–	–	–	–	–	–	–	(9,652)	–	7,963	(1,689)	–	(1,689)
At 1 January 2005 (as restated)	2,861	200,556	1,942	801	283,208	77	307	–	–	273,178	762,930	21,136	784,066
Arising from revaluation of financial assets	–	–	–	–	–	–	–	–	9,529	–	9,529	–	9,529
Net profit/(loss) for the period	–	–	–	–	–	–	–	–	–	37,066	37,066	(3,229)	33,837
At 30 June 2005	2,861	200,556	1,942	801	283,208	77	307	–	9,529	310,244	809,525	17,907	827,432

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

For the six months ended 30 June 2004 – unaudited

	Attributable to shareholders of the Company												
	Share capital HK$'000	Share premium HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Property revaluation reserve HK$'000	Investment property reserve HK$'000	Re-valuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2004 – as previously reported	2,861	200,556	1,474	801	283,208	77	–	–	–	209,238	698,215	–	698,215
Balance at 1 January 2004 – as previously separately reported as minority interest	–	–	–	–	–	–	–	–	–	–	–	23,125	23,125
Prior period adjustments in respect of : – transfer as a result of change in accounting policy for leasehold land	–	–	–	–	–	–	–	–	–	(1,790)	(1,790)	–	(1,790)
At 1 January 2004 (restated)	2,861	200,556	1,474	801	283,208	77	–	–	–	207,448	696,425	23,125	719,550
Arising from revaluation of leasehold land and building	–	–	–	–	–	–	266	–	–	–	266	–	266
Transfer as a result of change in accounting policy for leasehold land	–	–	–	–	–	–	(48)	–	–	–	(48)	–	(48)
Exchange alignment	–	–	59	–	–	–	–	–	–	–	59	32	91
Minority interest arising from disposal of partial interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	3,892	3,892
Net profit/(loss) for the period	–	–	–	–	–	–	–	–	–	20,159	20,159	(4,812)	15,347
At 30 June 2004 (restated)	2,861	200,556	1,533	801	283,208	77	218	–	–	227,607	716,861	22,237	739,098

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2005	2004
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash outflow generated from operations	**(59,059)**	(5,779)
Net cash outflow from investing activities	**(9,876)**	(84,221)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(68,935)**	(90,000)
Cash and cash equivalents at beginning of period	**397,146**	456,589
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**328,211**	366,589
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**63,493**	240,110
Fixed deposits with original maturity less than three months when acquired	**264,718**	126,479
	328,211	366,589

Notes:

1 Basis of preparation

The interim financial statements are unaudited but have been reviewed by the Audit Committee.

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounting policies and basis of preparation used in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2004 except as described below.

2 Major Changes of Accounting Policies

The Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (which include all HKASs and interpretations (HKAS-ints) (collectively referred to as "new HKFRSs")) issued by HKICPA which are effective for accounting periods commencing on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the preparation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interests have been changed. The changes in the presentation have been applied retrospectively. As there was no material variance on the profit and loss accounts for the six months ended 30 June 2004 on adoption of the new HKFRSs, no adjustment was done.

Negative Goodwill

Previously, the Group has recognised negative goodwill arising on acquisition of a subsidiary, an associate or jointly controlled entity after 1 January 2001 as deferred item and this is released to the profit and loss account on a proportional basis, when the relevant assets acquired are sold or otherwise realised. For negative goodwill arising on acquisition prior to 1 January 2001, the Group has relied upon the transitional provisions set out in SSAP 30 "Business Combinations" such that negative goodwill has been taken to capital reserves in the period in which it arose and has not been restated. The new HKFRS 3 requires negative goodwill be recognised in the profit and loss account immediately. Under the transitional arrangements of HKFRS 3, the existing negative goodwill classified as deferred item or taken to capital reserves will be derecognised by way of an adjustment to the retained earnings at 1 January 2005. No comparative figures are required to be adjusted.

The adoption of HKFRS 3 has resulted in an increase of approximately HK$27,284,000 in retained profits at 1 January 2005.

2 Major Changes of Accounting Policies (continued)

Leasehold land and buildings held for own use

The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings were previously accounted for as finance leases and were stated at cost or valuation less accumulated depreciation. In accordance with HKAS 17, a lease of land should be split into a lease of land and a lease of building according to their fair value at inception. A lease of land is an operating lease and a lease of building is a finance lease unless the two elements cannot be allocated reliably, in which case the entire lease is classified as finance lease. Pursuant to these requirements, the land premium paid for distinguishable leasehold land is accounted for as an operating lease and amortised over its unexpired lease term, whereas undistinguishable leasehold land and building is stated collectively at valuation less accumulated depreciation.

The adoption of HKAS 17 has resulted in a decrease in property revaluation reserve by HK$68,000 and decrease in retained profits by HK$1,818,000 (2003: HK$1,790,000) at 31 December 2004.

Investment properties

The adoption of HKAS 40 has resulted in a change in accounting policy for the Group's investment properties. In prior years, increases in the valuation of investment properties were credited to the investment property revaluation reserve while decreases in the valuation of investment properties were firstly set off against the surplus of investment property valuation reserve and thereafter charged to the profit and loss account. Following the adoption of HKAS 40, all changes in valuation of the investment properties are to be recognized in the profit and loss account. The new HKAS 40 and HKAS-int 21 require the provision of deferred tax on all these revaluation surpluses/deficits to be calculated at applicable profits tax rates.

The adoption of HKAS 40 has resulted in a decrease in investment property reserve by HK$9,652,000 and an increase in retained profits by HK$7,963,000 at 1 January 2005.

Financial instruments

The adoption of HKAS 32 and HKAS 39 has resulted in the change in accounting policy for recognition, measurement, derecognition and disclosure of financial instruments. The Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method. On 1 January 2005, the Group classified and measured its equity securities in accordance with the requirements of HKAS 39. Short term investments reported under SSAP 24 was classified as financial assets at fair value through profit or loss upon the adoption of the HKAS 39. Accordingly, no adjustment to accumulated profits on 1 January 2005 was required.

2 Major Changes of Accounting Policies (continued)

Minority interests

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the parent, and minority interests in the results of the Group for the period are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the parent.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

3 Principal activities

During the period, the principal activities of the Group remained unchange and mainly consisted of the design, development, manufacture and sale of electronic products, the manufacture and sale of printed circuit boards ("PCBs"), the trading and distribution of electronic components and parts, the trading of listed equity investments, the provision of loan financing, and the manufacture and sale of optical products.

4 Business segment information

The Group's operating businesses are classified as follows:

(a) the electronic products segment consists of the manufacture and sale of electronic products;

(b) PCBs segment consists of the manufacture and sale of PCBs;

(c) the electronic components and parts segment consists of the trading and distribution of electronic components and parts;

4 Business segment information (continued)

(d) the listed equity investments segment consists of the trading of listed equity investments;

(e) the provision of finance segment consists of the provision of loan financing services; and

(f) the optical products segment consists of the manufacture and sale of optical products.

The following tables present revenue and results for the Group's business segments.

Business segment information

	Electronic products Six months ended 30 June		PCBs Six months ended 30 June		Electronic components & parts Six months ended 30 June		Listed equity investments Six months ended 30 June		Provision of finance Six months ended 30 June		Optical products Six months ended 30 June		Eliminations Six months ended 30 June		Consolidated Six months ended 30 June	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Segment revenue:																
Sales to external customers	**172,328**	182,185	**49,995**	56,307	**–**	–	**3,869**	15,491	**242**	58	**63,530**	98,671	**–**	–	**289,964**	352,712
Inter-segment sales	**–**	–	**–**	3,071	**79,797**	–	**–**	–	**1,932**	–	**–**	–	**(81,729)**	(3,071)	**–**	–
Other revenue	**1,361**	1,527	**1,785**	884	**5**	–	**104**	5,978	**–**	–	**3,125**	5,467	**–**	–	**6,380**	13,856
Total	**173,689**	183,712	**51,780**	60,262	**79,802**	–	**3,973**	21,469	**2,174**	58	**66,655**	104,138	**(81,729)**	(3,071)	**296,344**	366,568
Segment results	**6,727**	5,056	**(7,485)**	(12,277)	**(315)**	–	**(1,721)**	2,918	**(2,509)**	(4,716)	**(4,557)**	5,266	**–**	–	**(9,860)**	(3,753)
Interest, dividend income and unallocated gains															**5,360**	13,290
Gain on disposal of partial interests in subsidiaries															**43,122**	8,144
Unallocated expenses															**(6,507)**	(2,332)
Profit from operating activities															**32,115**	15,349
Share of profits less losses of associates															**1,524**	357
Profit before taxation															**33,639**	15,706
Taxation															**198**	(359)
Profit for the period															**33,837**	15,347

5 Profit from operating activities

The Group's profit from operating activities is arrived at after charging/(crediting):

	Six months ended 30 June	
	2005	2004
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Depreciation	**15,479**	18,270
Amortisation of prepaid rental	**368**	430
Amortisation of deferred product development costs	**805**	677
Net gain on disposal of investment properties	**(1,406)**	–
Net gain on disposal of listed equity investments	**(123)**	(60)
Unrealised holding loss of listed equity investments	**176**	803
Provision against inventories	**2,061**	722
Bank interest income	**(2,606)**	(603)

6 Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit arising in Hong Kong during the period.

	Six months ended 30 June	
	2005	2004
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Group:		
Current tax		
Hong Kong	**361**	217
Mainland China	**244**	142
	605	359
Deferred tax	**(803)**	–
	(198)	359
Share of tax attributable to associates	**–**	–
Total tax charge for the period	**(198)**	359

7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the period of HK$37,066,000 (2004 (restated): HK$20,159,000) and the weighted average of 286,068,644 (2004: 286,068,644) shares in issue during the period. Diluted earnings per share has not been disclosed, as there is no outstanding share option for the two periods ended 30 June 2005.

8 Accounts receivables

The aged analysis of the Group's accounts receivable is as follows:

	As at 30 June 2005 HK$'000 (unaudited)	As at 31 December 2004 HK$'000 (audited)
Current to three months	**53,159**	93,523
Four to six months	**2,293**	2,597
Seven months to one year	**2,666**	14,532
Over one year	**22,094**	13,533
	80,212	124,185
Provision	**(6,177)**	(8,296)
	74,035	115,889

The normal credit period granted by the Group to customers ranges from 30 days to 120 days.

9 Accounts payables

The aged analysis of the Group's accounts payable is as follows:

	As at 30 June 2005 HK$'000 (unaudited)	As at 31 December 2004 HK$'000 (audited)
Current to three months	**58,996**	52,736
Four to six months	**9,999**	34,148
Seven months to one year	**11,500**	5,298
Over one year	**1,592**	522
	82,087	92,704

10 Share capital

	As at 30 June 2005	
	No. of shares (in thousand)	HK$'000
Authorised:		
Ordinary shares of HK$0.01 each	50,000,000	500,000
Issued and fully paid:		
At beginning of period and at end of period	286,069	2,861

There was no repurchase of any shares during the period.

11 Connected and related party transactions

As at 30 June 2005, the Group had the following connected and related party transactions:

(1) A loan of HK$24.1 million (31 December 2004: HK$16.0 million) was granted by a wholly-owned subsidiary of the Group to E-Top PCB Limited ("E-Top"), a subsidiary of the Group, for its general working capital. The loan was unsecured, bore interest at the one-month Hong Kong dollar time deposit rate and had no fixed terms of repayment.

(2) In addition, the Group had certain banking facilities, with a total limit of HK$30.3 million (31 December 2004: HK$28.3 million), which were available to a wholly-owned subsidiary of the Group. These banking facilities were secured by corporate guarantees executed by E-Top and Plentiful Light Limited, both of which are 57% owned subsidiaries of the Group, and certain wholly-owned subsidiaries of the Group, and certain leasehold land and buildings of the Group.

(3) Below is a summary of material transactions between Swank International Manufacturing Company Limited ("Swank") and of its certain associates which were carried out in the normal course of business on commercial terms during the period:

	Six months ended 30 June	
	2005	2004
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Sales of finished goods to associates	**3,746**	4,767
Purchases of raw materials and finished goods from associates	**6,327**	7,270
Management fee income from associates	**256**	301
Rent paid to a joint venture partner	**1,179**	1,415

12 Contingent liabilities

	Company as at	
	30 June 2005	31 December 2004
	HK$'000	HK$'000
	(unaudited)	(audited)
Guarantee of banking facilities granted to subsidiaries	**30,300**	28,300

INTERIM DIVIDENDS

The Board has resolved that no interim dividend will be declared in respect of the six months ended 30 June 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND BUSINESS REVIEW

The manufacturing and export businesses in Hong Kong still confronted with keen competition and gradual rise in overhead costs in Mainland China, particularly in Pearl River Delta Region.

Turnover of the electronic products division for the six months ended 30 June 2005 was HK$172.3 million, representing a decrease of HK$9.9 million or 5.4% from that of the corresponding period last year. It was partly due to keen market competition leading to drop in sales volume. Pricing pressure from customers also played its part in bringing down the turnover. Gross profit margin remained stable. With the implementation of cost saving exercise, selling and administrative expenses dropped by 10.4% to HK$29.4 million. The Group remained vigilant in controlling expense even with tough environment. The Group still keeps on producing high quality products as well known by the market buyers.

For the manufacture and sale of the PCBs, a sharp rise in the material costs and keen competition reduced the overall margin of this industry. Under such adverse environment, the PCBs division could still maintain the turnover and narrow down the segment loss of HK$7.5 million (2004: HK$12.3 million) in the first half of 2005 by effective cost control and changing of customer segments from high risk sectors into reliable business sectors. Further, the management team was strengthened with focus on the operation controls and production efficiency. As a result, the overall performance in the first half year was substantially improved.

The optical product segment recorded a segment loss of HK$4.6 million for the period under review, compared to a net gain of HK$5.3 million last year. The business recorded a turnover of HK$63.5 million, representing a decrease of HK$35.2 million or 35.7% lower than that of last year. As substantial interest in Swank was disposed on 3 June 2005, only approximately five-month turnover was recorded during the period under review. Fierce market competition also led to the drop in turnover.

During the period, a loan agreement amounting to HK$50 million was signed between Active Base Limited ("Active Base"), a wholly owned subsidiary of the Company and Moulin Global Eyecare Holdings Limited ("Moulin"). A debenture was also executed by Moulin in favour of Active Base. In or about June 2005, Moulin commenced legal proceedings in the High Court against Active Base claiming that the said loan agreement and debenture were unenforceable. In this regard, ongoing litigations are expected and the Board will make announcement in due course. The Board considered that the said loan agreement and debenture are enforceable, no provision was made to the loan.

Turnover for trading of listed equity investments amounted to HK$3.9 million, with segment result of loss of HK$1.7 million (2004: profit HK$2.9 million).

To capture the rallying sentiments in the Hong Kong property market, the Group disposed two investment properties during the period under review with a gain of HK$1.4 million.

CORPORATE MOVE

In January 2005, Probest Holdings Inc. ('Probest'), amongst others, entered into a sale and purchase agreement with China Time Investment Holdings Limited ("China Time") for the disposal of 1,437,396,440 issued shares of Swank, representing approximately 46.0% of equity interest of Swank, at the consideration of approximately HK$43.1 million (the "Disposal Agreement"). Probest also entered into a loan restructuring agreement with Profitown Investment Corporation ("Profitown") and Swank (the "Loan Restructuring Agreement"), pursuant to which Probest agreed to waive the interests, default interests and part of the principal of a promissory note due by Swank, which would be cancelled when conditions of the Loan Restructuring Agreement were fulfilled. Upon completion, Profitown issued a new promissory note to Probest in consideration of which Swank waived the debt due from Profitown. In addition, Swank executed a guarantee in favour of Probest, undertaking to pay Probest all interests and default interests whenever Profitown defaults in payment of the principal of the new promissory note. A deed was also executed by Probest and the Company in favour of China Time in which, under certain circumstances, Probest, together with the Company as a guarantor, will indemnify China Time when the listing status of Swank would be withdrawn. For details, please refer to the circular of the Company dated 10 May 2005.

The completion of the Disposal Agreement took place on 3 June 2005. A shareholder agreement was entered into between Swank and Probest to regulate the management of Profitown Group and a new promissory note amounting to approximately HK$112.3 million was issued by Profitown in favour of Probest.

FUTURE OUTLOOK

Certain risk factors, including rising of crude oil prices and interest rate hikes in the United States will affect overall economy. For electronic product division, the Group will invest more resources in research and development by recruiting high caliber experienced staff to strengthen the area in product development and design of new products. Wireless application and radio-frequency products remain our major direction for development. The Board believes that the Group can leverage on its industrial expertise and experience as well as the competitive advantages to diversify its product range. With newly developed product lines, the Group will be better positioned its target markets with less price sensitivity and competition and expecting to enter a new era in coming year 2006. The Group will also welcome any opportunity in business co-operation with well-established electronic enterprises in the industry.

In 2005, the PCBs industry continues to suffer from a rise in material costs and keen competition. However, enduring demand from the European and U.S. markets leads the PCBs division to focus on expanding the existing customers and exploring new customers from both markets. Also, direction of emphasizing on profitable customer segments will be continued. The Group expects to have more solid orders to come. In addition, to meet the expanding demand and achieving scale advantage, the Group decides to increase the manufacturing capacity by constructing new factory building and purchasing new equipment. With our commitment to tighten the cost, excel the production quality and enhance the production efficiency, the result of 2005 should be promising.

With sufficient resources on hand, the Group is constantly looking for quality investment opportunities, while expecting loan financing business not to be active in the second half of the year.

Optical industry is still booming during the period. The optical division aims to shorten the product development cycle by adopting a more sophisticated project management method and to focus on providing attractive design to customers and spending on research and development. It targets to quality market while differentiating with other local manufacturers in Wenzhou, China. Moreover, it will also invest in information technology to further provide valuable up-to-date production and product development information to customers and to build up a more efficient communication platform with customers. Benefiting from the booming optical industry, the lens factory sales continue to grow and contribution from lens will be more significant in the year of 2005.

LIQUIDITY AND FINANCIAL REVIEW

As at 30 June 2005, cash and bank balances (including time deposits) maintained by the Group were HK$328.2 million, representing an decrease of HK$69.5 million compared with the position as at 31 December 2004. On the other hand, the Group has available banking facilities of HK$30.3 million. It is believed that the Group has adequate cash resources to meet the normal working capital requirements and all commitments for future development. The gearing of the Group, measured as total debts to total assets, was 13.4% as at 30 June 2005, comparing with 17.3% as at 31 December 2004.

Most of the business transactions conducted by the Group were nominated in Hong Kong Dollars, United States Dollars and Renminbi. As at 30 June 2005, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

HUMAN RESOURCES

As at 30 June 2005, the Group employed approximately 2,900 employees, with about 2,820 in the Mainland China and about 80 in Hong Kong. All employees are remunerated based on industry practice and in accordance with the prevailing labour law. In Hong Kong, apart from basic salary, staff benefits include medical insurance, performance related bonuses and mandatory provident fund would be provided by the Group.

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

At 30 June 2005, the interests of the directors in the shares and underlying shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance ("SFO") or notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(a) Directors' interest in shares

Name of Director	Note	Nature of interest	Number of shares
Mr. Yau Tak Wah, Paul	1	Corporate	2,300,000

Note:

1. These shares were held through Pacific Shore Profits Limited, a company beneficially owned by Mr. Yau Tak Wah, Paul.

SHARE OPTION SCHEME

As at 30 June 2005, the Company has no share options outstanding.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2005, according to the register of interest in shares and short positions required to be kept by the Company under section 336 of the SFO, the Company has been notified that the following shareholder was interested in 5% or more of the share capital of the Company.

Name of Shareholder	Note	Number of Ordinary Shares	Approximate Percentage
Winspark Venture Limited	1	175,803,363	61.5%

Note:

1. The entire issued share capital of Winspark Venture Limited is beneficially owned by Mr. Chan Yuen Ming.

Saved as disclosed above, the directors of the Company are not aware of any person who is, directly or indirectly, interested in 5% or more of the issued share capital of the Company, has short positions in the share or underlying shares or has any rights to subscribe for shares in respect of such capital.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

DIRECTORS

As at the date of this interim report, the Board comprises of seven directors, of which four are executive directors, namely Mr. Yau Tak Wah, Paul, Ms. Louie Mei Po, Ms Wong Shin Ling, Irene, and Mr. Tam Wing Kin and three independent non-executive directors, namely Mr. Ng Wai Hung, Mr. Cheung Chung Leung, Richard and Mr. Wu Wang Li.

CORPORATE GOVERNANCE

The remuneration committee will be established and is primarily of making recommendation to the Board on the remuneration policy for all director and senior management. The Board is in the process of reviewing and formulating its terms of reference in accordance with the Code.

Throughout the six months ended 30 June 2005, the Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules which came into effect on 1 January 2005, with deviation from Code Provision A.2.1, A.4.1 and A.4.2 of the Code.

Code Provision A.2.1 stipulated that the role of chairman and chief executive officer should be separated and should not be performed by the same individual.

The Company does not appoint chief executive officer. In view of the existing structure of the Board and the operation of the Group, the Board believes that the present structure of the Board will provide a strong leadership for the Group to implement prompt decisions and to formulate efficient strategies, which is for benefits of the Group. Moreover, the day-to-day operation of the Group's businesses are shared among those executive directors and the management of the Company. Therefore, there should be a clear division of the responsibilities at the board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Code Provision A.4.1 stipulated that non-executive directors should be appointed for a specific term, subject to re-election and Code Provision A.4.2 stipulated that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

During the period, two independent non-executive directors of the Company, namely Mr. Ng Wai Hung and Mr. Cheung Chung Leung, Richard, are not appointed for any specific fixed term and one independent non-executive director, Mr. Wu Wang Li, is appointed for the term of one year from 27 September 2004.

In accordance with the Bye-Laws of the Company, at each annual general meeting of the Company one third of the directors shall retire from office by rotation. The Board considers that sufficient measures will be taken to ensure the corporate governance practices of the Company are not less exacting than those in the Code Provision A.4.1 and A.4.2.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Code as set out in Appendix of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all directors whether the directors have complied with the required standard set out in the Code regarding directors' securities transactions and all directors confirmed that they have complied with the Code.

AUDIT COMMITTEE REVIEW

The 2005 interim report has been reviewed by the Company's Audit Committee which comprises three independent non-executive directors.

By Order of the Board
Yau Tak Wah, Paul
Chairman

Hong Kong, 23 September 2005