China Treasure (Greater China) Investments Limited
華寶（大中華）投資有限公司

INTERIM REPORT 2005

The board of directors (the "Board") of China Treasure (Greater China) Investments Limited ("Company") is pleased to announce the unaudited condensed interim financial statements of the Company for the six months ended 30 June 2005 together with the comparative figures. The condensed interim financial statements are unaudited, but have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu, and audit committee.

CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2005

		Six months ended	
		30.6.2005	30.6.2004
		(unaudited)	(unaudited)
	NOTES	***HK$***	*HK$*
Turnover		**40,157,444**	11,903,632
Cost of sales		**(36,103,160)**	(10,032,732)
Gross profit		**4,054,284**	1,870,900
Other operating income			
– bank interest income		**187,599**	6,469
Fair value changes on investments held for trading		**429,373**	–
Net unrealised gains on investments in listed securities		**–**	5,339,000
Net unrealised losses on investments in unlisted securities		**–**	(4,000,000)
Administrative expenses		**(1,393,593)**	(776,055)
Other operating expenses		**(583,807)**	(884,097)
Profit before taxation	*4*	**2,693,856**	1,556,217
Taxation	*5*	**–**	–
Net profit for the period		**2,693,856**	1,556,217
Earnings per share – Basic	*6*	**0.0253**	0.0151

CONDENSED BALANCE SHEET

AT 30 JUNE 2005

	NOTE	**30.6.2005 (unaudited) *HK$***	31.12.2004 (audited) *HK$*
Non-current assets			
Investments in securities		**–**	2,500,000
Current assets			
Investments held for trading		**10,341,670**	–
Available-for-sale investment		**2,500,000**	–
Investments in securities		**–**	20,574,949
Debtors, prepayments and deposits		**81,795**	6,869,359
Bank balances and cash		**37,207,247**	14,996,125
		50,130,712	42,440,433
Current liabilities			
Creditors and accrued charges		**19,823**	201,400
Net current assets		**50,110,889**	42,239,033
		50,110,889	44,739,033
Capital and reserves			
Share capital	*7*	**12,360,000**	10,300,000
Reserves		**37,750,889**	34,439,033
		50,110,889	44,739,033
Number of shares in issue		**123,600,000**	103,000,000
Net asset per share		**0.4054**	0.4344

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2005

	Share capital *HK$*	Share premium *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 January 2004	10,300,000	85,871,636	(50,826,092)	45,345,544
Net profit for the period	–	–	1,556,217	1,556,217
At 30 June 2004	10,300,000	85,871,636	(49,269,875)	46,901,761
Net loss for the period	–	–	(2,162,728)	(2,162,728)
At 31 December 2004	10,300,000	85,871,636	(51,432,603)	44,739,033
Shares issued at premium	2,060,000	618,000	–	2,678,000
Net profit for the period	–	–	2,693,856	2,693,856
At 30 June 2005	**12,360,000**	**86,489,636**	**(48,738,747)**	**50,110,889**

CONDENSED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2005

	Six months ended	
	30.6.2005	30.6.2004
	(unaudited)	(unaudited)
	HK$	*HK$*
Net cash from (used in) operating activities	**19,345,523**	(7,772,445)
Net cash from investing activities	**187,599**	6,469
Net cash from financing activities	**2,678,000**	–
Net increase (decrease) in cash and cash equivalents	**22,211,122**	(7,765,976)
Cash and cash equivalents at beginning of the period	**14,996,125**	26,215,944
Cash and cash equivalents at end of the period	**37,207,247**	18,449,968
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**37,207,247**	18,449,968

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2005

1. BASIS OF PREPARATION

The condensed 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 ("Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for investments held for trading, which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2004 except as described below.

In the current period, the Company has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRS"), HKAS and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs has resulted in changes to the Company's accounting policies in the following areas but have no effect on how the results for the current or prior accounting periods are prepared:

Financial Instruments

In the current period, the Company has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Company has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

Equity securities previously accounted for under the benchmark treatment of Statement of Standard Accounting Practice 24 "Accounting for investments in securities" ("SSAP 24")

By 31 December 2004, the Company classified and measured its equity securities in accordance with the benchmark treatment of SSAP 24. Under SSAP 24, investments in equity securities are classified as "investment securities" and "other investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. From 1 January 2005 onwards, the Company classifies and measures its 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". The classification depends on the purpose for which the assets are acquired. "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 Company classified and measured its equity securities in accordance with the requirements of HKAS 39. No adjustment to the previous carrying amounts of assets and liabilities at 1 January 2005 has been required.

Financial assets and financial liabilities other than equity securities

From 1 January 2005 onwards, the Company classifies and measures its financial assets and financial liabilities other than equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 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 liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method. No adjustment to the previous carrying amounts of assets or liabilities at 1 January 2005 has been required.

The Company has not early applied the following new Standards or Interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these Standards or Interpretations will have no material impact on the financial statements of the Company:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HKFRS-Int 5	Rights to Interests Arising from Decommissing, Restoration and Environmental Rehabilitation Funds

3. SEGMENT INFORMATION

The Company was principally engaged in investing in listed and unlisted companies in the People's Republic of China ("PRC"), Hong Kong and Taiwan during the period.

All of the activities of the Company are based in Hong Kong and all of the Company's turnover and operating profit are derived from Hong Kong.

4. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2005	30.6.2004
	(unaudited)	(unaudited)
	HK$	*HK$*
Profit before taxation has been arrived at after charging:		
Operating lease payments in respect of rented premises	**30,000**	30,000
Directors' emoluments		
– Directors' fees	**271,487**	135,945
– Other emoluments	**–**	–
	271,487	135,945
Other staff costs		
– Salaries and other benefits	**74,167**	210,000
– Contributions to Mandatory Provident Fund scheme	**4,758**	6,000
	78,925	216,000

5. TAXATION

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the period.

No provision for Hong Kong Profits Tax has been made in the interim financial statements as the estimated assessable profit is wholly absorbed by tax losses brought forward. At 30 June 2005, there were no tax losses carried forward (30.6.2004: approximately HK$4,407,000).

The taxation for the six months ended 30 June 2005 and 30 June 2004 can be reconciled to profit per the income statement as follows:

	Six months ended	
	30.6.2005 (unaudited) ***HK$***	30.6.2004 (unaudited) *HK$*
Profit before taxation	**2,693,856**	1,556,217
Tax at the Hong Kong Profits Tax rate of 17.5%	**471,425**	272,338
Tax effect of income not taxable for tax purpose	**(143,953)**	(935,457)
Tax effect of expenses not deductible for tax purpose	**10,068**	700,000
Utilisation of tax losses previously not recognised	**(337,540)**	(36,881)
Taxation for the period	**–**	–

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the period of HK$2,693,856 (1.1.2004 to 30.6.2004: profit of HK$1,556,217) and on the weighted average number of ordinary shares of 106,414,365 (1.1.2004 to 30.6.2004: 103,000,000) during the period.

No diluted earnings per share is presented as the Company did not have any potential ordinary shares in issue during the period.

7. SHARE CAPITAL

	Number of shares	Share capital *HK$*
Ordinary shares of HK$0.10 each		
Issued and fully paid:		
At 1 January 2005	103,000,000	10,300,000
Placing of new shares	20,600,000	2,060,000
At 30 June 2005	123,600,000	12,360,000

On 31 May 2005, 20,600,000 new shares of HK$0.10 each at an issue price of HK$0.13 per share, representing a premium of approximately 1.56% to the closing market price of the Company's shares on 29 April 2005, were issued by way of placing to independent investors. The proceeds were used for general working capital purpose and future investments. The new shares were issued under the general mandate granted to the directors by a resolution passed at the Company's annual general meeting held on 25 May 2004 and rank pari passu with the existing shares in all respects.

8. DEFERRED TAXATION

At 30 June 2004, the Company has unused tax losses of approximately HK$4,407,000 available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

9. RELATED PARTY TRANSACTIONS

During the period, the Company paid investment management fees of HK$511,668 (1.1.2004 to 30.6.2004: HK$815,317) to China Core Capital Management Limited, a company which is wholly-owned by Mr. Ma Kam Fook, Robert, an executive director of the Company ("Mr. Robert Ma"). The fee was charged half-yearly at an agreed percentage of the net asset value of the Company.

During the period, Jensmart International Limited, a company which is wholly-owned by Mr. Robert Ma, performed certain administrative services (including provision of office premises) for the Company, for which a management fee of HK$30,000 (1.1.2004 to 30.6.2004: HK$30,000) was charged. The fee was charged at an agreed price.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months period ended 30 June 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of operation

During the period under review, certain measures have been taken by the Board for the following purposes:

a) certain listed or unlisted investments of the Company during the past years were commented by the Stock Exchange of Hong Kong Limited (the "Stock Exchange") as too concentrated and breaching the Listing Rules.

The Board would like to advise that following the conclusion of the hearing of the Listing Committee held on 22 March 2005 which concerns inter alia the Company's investment in the Yanion Group (as defined in the Company's previous announcements), the Company has taken sufficient remedial actions including disposal of all its interest in the Yanion Group and maintaining a spread of investments as required by the Listing Rules.

The Board has disposed of the listed shares of Yanion International Holdings Limited at a profit.

At the same time, after stringent effort, the investment project had also been sold to an independent investor at fair value. Agreement had been signed with the completion date after the interim period. The Board would like to report that the said transaction had been completed subsequently. The Company is now in full compliance with the various recommendations by the Stock Exchange.

b) broaden the experience and exposure of the Board and the independence of the investment manager.

This has been achieved via the enrolling of directors with different scope and expertise as well as connection. As a result, more brain storming ideas can be presented as well as projects of different horizons would be fed in for selection. At the same time, the Company has also changed the investment manager on 14 June 2005 to another experienced one which is completely independent of the Board of the Company.

Additionally, the Company manages to reduce the investment management fee to approximately 50% of the original value.

c) present a more transparent operation picture of the Company's transactions.

Instead of presenting just the bottom line figures, i.e. net profit or loss, dividend, interest received only, the Company has adopted the generally used practice in most of the investment companies listed in the Stock Exchange in showing the gross turnover of the shares transaction, i.e. gross purchase and gross cost. As such, shareholders can see the activities of the Company more clearly.

For the six months ended 30 June 2005, the Company recorded a turnover of approximately HK$40.2 million (2004: approximately HK$11.9 million) and a net profit of approximately HK$2.7 million (2004: approximately HK$1.6 million). The increase in profit was mainly due to the increase in realized profit on short-term capital market securities.

In view of the aforesaid and the nature of unlisted investment – relatively longer timing requirement to exit, both the Board and the investment manager have adopted a prudent policy in identifying, recommending and approving medium term unlisted investments. As such, the majority of the assets on hand as at 30 June 2005 are in form of cash and bank deposits (74%) or listed shares held for trading (21%), pending clarification of various rulings and the economic situation of the PRC. As at 30 June 2005, there is only 1 unlisted investment (5%) which had already been disposed of, completion took place in August 2005.

Prospects

Despite the favourable results for the first half of the fiscal year 2005 which is in line with the growth momentum of the Hong Kong economy and due to the taking over of one particular share that the Company has invested in, the Company is only conservatively optimistic about the result of the whole fiscal year due to reasons as depicted below.

With the new directors in both the executive and non-executive aspect and the investment manager, more projects had been flashed in, some of which are quite promising. Actual investment has not yet been commenced due to the timing required to evaluate the viability of the projects and the announcing of the Serial 11 ruling by the PRC government as to the requirement to obtain prior approval from the Foreign Exchange Regulatory Board of the PRC government over investment into even PRC citizens privately owned enterprises by mid January 2005. The further clarifications by relevant authorities from time to time as to the above ruling has somewhat rendered the Company to adopt a hold and see policy over the actual/information requirements to effect the same.

The same is further reinforced by the unexpected rocket flying of the oil price during the period, the insufficient supply of power/electricity, the embargo of textile related products by both the European and the United States customs, the market anticipation of the continuous interest rate hikes, the liquidity moving in and out in speculation of Renminbi appreciation and the austere measures imposed by the central government to hasten the property price have rendered the outlook of various industries in the PRC uncertain. As such, the investment manager views that the above would damper the earnings of the manufacturing sectors as well as impact on materials, utilities, transport and consumer discretionary (such as autos, hotels, leisure travel and tourism) related industries. The sectors that are likely to be benefiting from this would be energy and energy related sectors. By and large, the buoyant local economy did not give rise to a bullish run in the stock market during the year.

Nonetheless, with the increasing perfection of the said rule, the continuous growth of the PRC economy and the investment opportunities within the PRC, the Company would be more proactive in identifying investments that have an IPO opportunity in the near run, a growth potential for the coming years or the price of which is mismatched.

The Company will continue to attract and recruit high caliber talents. Apart from the new directors and investment manager, the Company is planning to strengthen its team in decision and operation in order to ensure sufficient resources and new ideas would be input from time to time for its future development need.

The Board will hence actively seek direct investment opportunities in the Greater China region under the following criteria:

a) operating companies with proven track records and may have a chance to exit through initial public offer within 2 years' time;

b) industries that are growing positively as to the overall market pie and/or intervention by the government would be loosened (but, control by the government still persists);

c) industries or companies that the Board can provide value-added opinion or constructive advice. Apart from easier in evaluating the viability or reliability of the projects/figures itself, the Board can also provide valuable synergy connection so as to speed up the growth pace of the companies;

d) industries or companies that have been underweighted so much that there is high chance of rebound;

e) ownership of proprietary technologies or intellectual properties.

While money pending investing in these direct investment projects, the investment manager would follow the relative merit of the equity market and identify promising stocks to invest in. Hopefully, short term profit can be generated.

The Board is of the view that these types of direct investment projects are on track to grow rapidly and their valuations are likely to rise in medium terms, thereby, the Company's net asset value would rise in the short to medium term and the Company would generate consistent investment return in the long run.

Financial resources, capital commitment and contingent liability

The Company continued to maintain a healthy balance sheet. During the period, the Company had realized some of its shares investment by taking advantage of the taking over of the said shares by a PRC entity. The Company generated net cash inflow of approximately HK$22 million for the six months ended 30 June 2005 and maintained a cash and bank balance of approximately HK$37 million (31 December 2004: approximately HK$15 million), the management believed that the Company maintained sufficient working capital for its operation.

The Company did not pledge any marketable securities for banking facilities as at 30 June 2005 (31 December 2004: Nil) nor has any bank borrowing. The gearing is nil (31 December 2004: Nil).

Taking advantage of the then market situation, the Company had conducted a placing exercise by May 2005 in placing additional 20% of the Company's shares to independent third parties. Fund of approximately HK$2.5 million (after netting the relevant fees required) has been deposited in the custodian bank, pending appropriate investment opportunities.

The net asset value per share of the Company as at 30 June 2005 was HK$0.4054 (31 December 2004: HK$0.4344).

As at 30 June 2005, the Company had no material capital commitments and contingent liabilities.

Exposure to foreign exchange risk

Save certain of the Company's investments in companies are denominated in RMB, the investments in Hong Kong equity markets are denominated in HK$ and as such, the Company's exposure to foreign exchange fluctuation is minimal.

Capital structure

20,600,000 shares were allotted at HK$0.13 each on 31 May 2005. The total number of shares in issue at 30 June 2005 was 123,600,000.

Staff

As at 30 June 2005, the Company had one employee (2004: 1) excluding directors. The total staff cost of the Company, excluding the directors' remuneration, paid during the period was HK$78,925 (2004: HK$216,000). The staff remuneration packages are in line with prevailing market practice and are determined on the basis of the performance and experience of individual employee.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

At 30 June 2005, the interests and short positions of each of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies under the Listing Rules to be notified to the Company and the Stock Exchange are as follows:–

Name of director	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Li Ji Ning	27,600,000(L)	22.33

(L) – Long Position

Save as disclosed above, as at 30 June 2005, none of the directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or (b) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 8 February 2002, and revised pursuant to a resolution passed on 6 December 2002, for the primary purpose of providing incentives to directors and eligible participants (as defined in the Scheme), and will expire on 7 February 2012. Under the Scheme, the Board of the Company may grant options to directors of the Company (including non-executive directors and independent non-executive directors) and its eligible participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 7 days of the date of grant, upon payment of HK$1.00 per option. Options may be exercised at any time from the date of grant of the share option to a period to be notified by the Board of the Company to each grantee at the time of making such offer, which shall not expire later than 10 years form the date of grant. The exercise price is determined by the Board of the Company at its absolute discretion and will not be less than the higher of (a) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; and (b) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

No option has been granted under the Scheme since its adoption.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Name	Capacity	*Notes*	Number of issued ordinary shares held	Percentage of the issued share capital
First Pink Limited	Beneficial	*(1)*	10,000,000	8.09%
I- Deluxe Assets Limited	Beneficial		10,000,000	8.09%
Ma Kai Chiu	Beneficial		8,000,000	6.47%

Note:

(1) Mr. Chan Tak Hung is the director of First Pink Limited

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2005, the Company did not purchase, sell or redeem any of the Company's listed securities.

AUDIT COMMITTEE

One of the primary duties of the audit committee is to review the financial reporting process of the Company. Other duties include the provision of advice and comments with respect to the internal control system as well as potential investment on projects considered to be invested to the Board. In addition, the audit committee will consider any significant and unusual items that are, or may need to be reflected in such reports and accounts and must give due consideration to any matter that has been raised by the Company's qualified accountant, auditors or relevant authorities. The audit committee consists of three independent non-executive directors, namely, Mr. Foo Chi Ming, Ms. Li Pik Ha and Mr. Wong Chi Keung. A meeting was convened by the Company's audit committee, senior management of the Company and the Company's external auditors, Deloitte Touche Tohmatsu on 21 September 2005 to review the accounting policies and practices adopted by the Company and to discuss auditing, internal control, risk management and financial reporting matters (including the unaudited interim financial statements for the six months ended 30 June 2005 before recommending them to the Board for approval).

REMUNERATION COMMITTEE

Pursuant to code provision B.1.1 of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "Code"), the Board established a remuneration committee on 30 August 2005. The remuneration committee comprises one executive director and two independent non-executive directors, namely, Mr. Li Ji Ning, Mr. Foo Chi Ming and Ms. Li Pik Ha. The remuneration committee has adopted a defined terms of reference in consistence with the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry with all directors, all directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the six months ended 30 June 2005.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES UNDER THE LISTING RULES

The Company continues to improve its corporate governance and believes it is fundamental for the development of the Company as well as for the benefits of the shareholders. The Board is pleased to confirm that the Company has complied with the Code applicable during the period, except for the following deviation:

Code A.2.1

Code A.2.1 stipulates that the roles of chairman and chief executive officer (the "CEO") should be separate and should not be performed by the same individual.

The Company does not presently have any officer with the title CEO. At present, Mr. Li Ji Ning is the chairman and acting CEO of the Company. He is responsible for the strategic planning, formulation of overall corporate development policy and running the business of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board, the management and the investment manager of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly every three months to discuss issues affecting operations of the Company and the investment decision is based on the recommendation of the professional investment manager, an entity licensed with the Securities and Futures Commission, Hong Kong. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. Meanwhile, the Board is also considering appointing suitable high caliber candidate for the post of CEO so as to segregate the duties and to have a stronger Board for the benefit of the shareholders.

By order of the Board
Li Ji Ning
Chairman

Hong Kong, 21 September 2005

INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF
CHINA TREASURE (GREATER CHINA) INVESTMENTS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Introduction
We have been instructed by the Company to review the interim financial report set out on pages 1 to 9.

Directors' responsibilities
The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed
We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion
On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2005.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 September 2005