

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

On 1st January 2005, the Code of Best Practice was replaced by the Code on Corporate Governance Practices (the “Code”) as contained in Appendix 14 of the Listing Rules.

During the period, the Company has been taking action to comply with the code provisions set out in the Code and a Remuneration Committee has been set up, only with the major areas of deviation detailed below, namely the roles of the chairman of the board of Directors and the chief executive officer are not separated and are performed by the same person. The Directors consider that Mr. WONG Pak Ming, being the founder of the Group, possesses in-depth knowledge of the Group and has developed extensive and valuable network in the film production industry and therefore can enable the Group to make and implement decisions promptly and efficiently which is beneficial to the business prospects of the Group. The Directors also consider that this structure will not impair the balance of power and authority between the Directors and the management as the board of Directors, which comprises experienced and high caliber individuals, meets regularly to discuss issues affecting the operations of the Group.

In addition, currently the chairman is not subject to retirement by rotation. The Directors will propose relevant amendments to be made to the bye-laws for approval by the shareholders at the next general meeting of the Company so that every director including the Chairman of the board of Directors shall be subject to retirement by rotation at least once every three years.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (“MODEL CODE”) OF LISTING RULES

For the six months period to 30th June 2005, the Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the six months ended 30th June 2005, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has set up an audit committee, comprised of three independent non-executive directors of the Company, namely Mr. Alan WOO, Mr. LAI Voon Wai and Mr. WAN Ngar Yin, David. The audit committee has reviewed the accounting principles and practices adopted by the Group with management and has discussed internal controls and financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 30th June 2005 with the directors.

LIST OF DIRECTORS OF THE COMPANY

As at the date of this report, the Board comprises 6 directors, of which 3 are executive directors, namely Mr. WONG Pak Ming, Ms. WONG Kit Fong and Ms. WONG Yee Kwan, Alvina and 3 are independent non-executive directors, namely Mr. WAN Ngar Yin, David, Mr. LAI Voon Wai and Mr. Alan WOO.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all our shareholders and investors for their support and our customers for their patronage.

By Order of the Board
WONG Pak Ming
Chairman

Hong Kong, 21st September, 2005