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

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2005

	Notes	Six months ended 30 June 2005 HK$'000 (unaudited)	2004 HK$'000 (unaudited and restated)
Turnover	3	75,157	98,671
Cost of sales		(70,521)	(84,109)
Gross profit		4,636	14,562
Other revenue		3,833	789
Selling and distribution costs		(7,275)	(7,387)
Administrative expenses		(6,527)	(8,141)
Other operating expenses		(817)	(92)
Loss from operating activities	5	(6,150)	(269)
Finance costs	6	(6,813)	(4,903)
Reversal of impairment loss on interest in an associate		–	4,700
Share of profits less losses of associates		2,269	357
Waiver of accrued interest and principal on a promissory note	7	67,662	–
Restructuring costs		(442)	(323)
Profit/(loss) before taxation		56,526	(438)
Taxation	8	–	–
Profit/(loss) for the period		56,526	(438)
Attributable to:			
Shareholders of the Company		59,239	(1,589)
Minority interests		(2,713)	1,151
Profit/(loss) for the period		56,526	(438)
Dividends		–	–
Earnings/(loss) per share	9		
– basic		1.9 cent	(0.1 cent)
– diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2005

	Notes	As at 30 June 2005 HK$'000 (unaudited)	As at 31 December 2004 HK$'000 (audited and restated)
ASSETS			
Non-current assets			
Property, plant and equipment		80,827	85,635
Leasehold land		8,115	8,362
Interests in associates		32,114	37,220
		121,056	131,217
Current assets			
Trade receivables	10	42,561	43,955
Bills receivable		1,107	574
Prepayments, deposits and other receivables		4,916	2,638
Inventories		27,745	23,321
Fixed deposits		379	378
Cash and bank balances		27,023	38,429
		103,731	109,295
LIABILITIES			
Current liabilities			
Amounts due to associates		3,215	12,647
Trade payables	12	15,614	17,061
Other payables and accruals		10,698	10,420
Amount due to a related party		1,873	–
Current portion of new promissory note payable	14	560	–
Current portion of promissory note payable	13	–	100,058
Tax payable		845	850
		32,805	141,036
Net current assets/(liabilities)		70,926	(31,741)
Total assets less current liabilities		191,982	99,476
Non-current liabilities			
Amount due to a shareholder, Probest	11	47,958	46,594
Non-current portion of new promissory note payable	14	112,285	–
Non-current portion of promissory note payable	13	–	75,000
Provision for long service payments		379	379
		160,622	121,973
NET ASSETS/(LIABILITIES)		31,360	(22,497)
CAPITAL AND RESERVES			
Issued capital	15	31,249	31,249
Reserves		(40,957)	(98,328)
Equity attributable to shareholders of the Company		(9,708)	(67,079)
MINORITY INTERESTS		41,068	44,582
TOTAL EQUITY/(DEFICIT)		31,360	(22,497)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

	Attributable to shareholders of the Company								
	Issued capital HK$'000	Share premium account HK$'000	Property re-valuation reserve HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK$'000	Special reserve HK$'000	Accumu-lated losses HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2005									
– previously reported as equity	31,249	723,462	21,169	10,419	8	341,800	(1,193,459)	–	(65,352)
– previously reported as minority interests	–	–	–	–	–	–	–	45,322	45,322
– prior period adjustment in respect of land and buildings	–	–	(1,248)	–	–	–	(479)	(740)	(2,467)
– as restated	31,249	723,462	19,921	10,419	8	341,800	(1,193,938)	44,582	(22,497)
Exchange difference on translation of accounts of overseas subsidiaries	–	–	–	305	–	–	–	–	305
Realised exchange reserve upon closure of a subsidiary	–	–	–	(2,173)	–	–	–	(801)	(2,974)
Profit for the period	–	–	–	–	–	–	59,239	(2,713)	56,526
At 30 June 2005	31,249	723,462	19,921	8,551	8	341,800	(1,134,699)	41,068	31,360

For the six months ended 30 June 2004

	Attributable to shareholders of the Company								
	Issued capital HK$'000	Share premium account HK$'000	Property re-valuation reserve HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK$'000	Special reserve HK$'000	Accumu-lated losses HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2004									
– previously reported as equity	31,249	723,462	21,169	9,968	8	341,800	(1,187,691)	–	(60,035)
– previously reported as minority interests	–	–	–	–	–	–	–	47,670	47,670
– prior period adjustment in respect of land and buildings	–	–	–	–	–	–	(988)	(423)	(1,411)
– as restated	31,249	723,462	21,169	9,968	8	341,800	(1,188,679)	47,247	(13,776)
Exchange difference on translation of accounts of overseas subsidiaries	–	–	–	64	–	–	–	27	91
Loss for the period restated	–	–	–	–	–	–	(1,589)	1,151	(438)
At 30 June 2004	31,249	723,462	21,169	10,032	8	341,800	(1,190,268)	48,425	(14,123)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2005 HK$'000 (unaudited)	2004 HK$'000 (unaudited)
Net cash used in operations	(10,499)	(1,620)
Net cash (used in)/generated from investing activities	(906)	6,584
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(11,405)	4,964
Cash and cash equivalents at beginning of period	38,807	36,979
CASH AND CASH EQUIVALENTS AT END OF PERIOD	27,402	41,943
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	27,023	41,565
Fixed deposits with original maturity less than three months when acquired	379	378
	27,402	41,943

Notes:

1 BASIS OF PRESENTATION

The condensed consolidated interim financial statements have been prepared by the directors with due care on a going concern basis, notwithstanding the fact that the Group had shareholders' deficit of HK$9,708,000 (as at 31 December 2004: HK$67,079,000) as at 30 June 2005. The validity of the going concern basis for the preparation of the financial statements depends upon future profitable operations of the Group and the adequate funds being available to the Group. The Board is of the opinion that the Group will have sufficient cash resources to carry on its business as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

If the going concern basis were not to be appropriate, adjustments would have to be made to restate the value of assets to their break up values, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

2 BASIS OF PREPARATION

The unaudited 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 ("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.

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

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, collectively referred to as ("new HKFRSs") issued by HKICPA which are effective for accounting periods commencing on or after 1 January 2005.

2 BASIS OF PREPARATION (continued)

Major changes of accounting policies (continued)

The adoption of these 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 reclassification of leasehold land from properties held for own use and the presentation of minority interests have been changed. The changes in the presentation have been applied retrospectively.

Leasehold land and buildings held for own use

The adoption of HKAS 17 has resulted in a change in accounting policy relating to the reclassification of leasehold land. Leasehold land and buildings were previously accounted for as finance leases and were stated at cost or valuation less accumulated depreciation and accumulated impairment losses. 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 can not 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.

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 TURNOVER

The principal activity of the Group remained unchanged during the period and is the design, manufacture and sale of optical products. Turnover represents the net invoiced value of goods sold, net of returns and allowances.

4 SEGMENT INFORMATION

Business segment information is chosen as the primary reporting format because the business segment is considered as the primary source of the Group's risks and returns.

Business segments

The Group has only one business segment and is the manufacture and sale of optical products. Therefore, no separate analysis of business segment information is prepared as all the information has been disclosed in the unaudited condensed consolidated interim financial statements

5 LOSS FROM OPERATING ACTIVITIES

Loss from operating activities are arrived at after charging/(crediting):

	Six months ended 30 June	
	2005	2004
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Depreciation	6,050	6,982
Provision against inventories	716	332
Bank interest income	(89)	(22)
Gain on disposal of property, plant and equipment	–	(13)
Exchange losses, net	30	332
Realisation of exchange reserve upon closure of an overseas subsidiary	293	–

6 FINANCE COSTS

	Six months ended 30 June	
	2005	2004
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on loan from a shareholder	1,364	–
Interest on promissory note	4,889	4,903
Interest on new promissory note	560	–
	6,813	4,903

7 WAIVER OF ACCRUED INTEREST AND PRINCIPAL ON A PROMISSORY NOTE

Waiver of accrued interest and principal on a promissory note represents the waiver of the principal and accrued interest up to 3 June 2005 on a promissory note that was due to Probest Holdings Inc. ("Probest") upon the completion of the loan restructuring agreement dated 20 January 2005.

8 TAXATION

No Hong Kong profits tax and overseas tax has been provided in the financial statements as the companies within the Group have either accumulated tax losses brought forward, which exceed the estimated assessable profits for the periods, or no assessable profits for the periods.

9 EARNINGS/(LOSS) PER SHARE

The calculation of basis earnings/(loss) per share is based on the profit attributable to shareholders of the Company for the period of HK$59,239,000 (2004: net loss of HK$1,589,000, as restated) and the weighted average of 3,124,862,734 (2004: 3,124,862,734) ordinary shares in issue during the period.

Diluted losses per share during the period ended 30 June 2005 and 30 June 2004 have not been disclosed as no dilutive events existed during these periods.

10 TRADE RECEIVABLES

The aged analysis of the Group's trade receivables, based on payment due date and net of provisions, is as follows:

	As at 30 June 2005 HK$'000 (unaudited)	As at 31 December 2004 HK$'000 (audited)
Current to 30 days overdue	34,943	41,248
31 to 60 days overdue	5,454	2,693
61 to 90 days overdue	2,113	3
More than 90 days overdue	51	11
	42,561	43,955

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

11 AMOUNT DUE TO A SHAREHOLDER, PROBEST

The amount due to Probest is unsecured, bearing interest at a rate per annum equivalent to 1% over Hong Kong prime rate and has no fixed repayment terms. In the opinion of the directors of the Company, the amount due to Probest will not be repayable within the next 12 months.

12 TRADE PAYABLES

The aged analysis of the Group's trade payables, based on payment due date, is as follows:

	As at 30 June 2005 HK$'000 (unaudited)	As at 31 December 2004 HK$'000 (audited)
Current to 30 days overdue	11,644	14,010
31 to 60 days overdue	1,707	992
61 to 90 days overdue	464	379
More than 90 days overdue	1,799	1,680
	15,614	17,061

13 PROMISSORY NOTE

	As at 30 June 2005 HK$'000 (unaudited)	As at 31 December 2004 HK$'000 (audited)
Interest repayable on demand	–	12,058
Principal repayable:		
Within 1 year or on demand	–	88,000
Payable after 1 year but within 2 years	–	75,000
Total	–	175,058
Amount due to Probest under Promissory Note	–	175,058
Portion classified as current liabilities	–	(100,058)
Non-current portion	–	75,000

On 20 January 2005, Probest, the Company and Profitown Investment Corporation ("Profitown") entered into a conditional loan restructuring agreement (the "Loan Restructuring Agreement'), pursuant to which Probest conditionally agreed to waive an outstanding principal, interests and default interests of a promissory note due by the Company to Probest.

When the Loan Restructuring Agreement completed, a promissory note due by the Company to Probest was cancelled. Profitown issued and delivered a new promissory note (the "New Promissory Note") to Probest, in consideration of which the Company undertook to waive the debt due from Profitown.

14 NEW PROMISSORY NOTE

	As at 30 June 2005 HK$'000 (unaudited)	As at 31 December 2004 HK$'000 (audited)
Interest repayable on demand	560	–
Principal repayable:		
Within 1 year or on demand	–	–
Payable after 1 year but within 2 years	–	–
After 2 years but within 5 years	112,285	–
Total	112,845	–
Amount due to Probest under Promissory Note	112,845	–
Portion classified as current liabilities	(560)	–
Non-current portion	112,285	–

The New Promissory Note payable to Probest bears interest at the rate per annum equivalent to 1% over the prevailing Hong Kong prime rate with maturity date falling 30 months of the date of issue of the new Promissory Note.

In addition, the Company also executed a guarantee in favour of Probest ("Swank Guarantee") that if and whenever Profitown defaults for any reason in payment of the principal sum due under the Promissory Note issued to Probest, the Company will upon demand by Probest unconditionally pay and satisfy all the interest which Profitown is liable to pay under the New Promissory Note on and after such default. The obligations of the Company under the Swank Guarantee are unsecured and will cease to be effective if the put option is exercised by the Company requiring Probest or an independent third party procured by Probest to purchase all its shares in Profitown at any time before the expiry of 30 months from the completion of the disposal of Swank shares by, amongst others, Probest.

15 ISSUED CAPITAL

	As at 30 June 2005 HK$'000	As at 31 December 2004 HK$'000
Authorised:		
300,000,000,000 ordinary shares of HK$0.01 each	3,000,000	3,000,000
Issued and fully paid:		
3,124,862,734 ordinary shares of HK$0.01 each	31,249	31,249

There was no repurchase of any shares during the period.

16 SHARE OPTION SCHEME

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

17 RELATED AND CONNECTED PARTY TRANSACTIONS

As at 30 June 2005, the Group has the following material transactions with related and connected parties during the period:

	Six months ended 30 June 2005 HK$'000 (unaudited)	Six months ended 30 June 2004 HK$'000 (unaudited)
Agency Fees from a related party	46	–
Sales of finished goods to associates	4,005	4,767
Purchases of raw materials and finished goods from associates	7,200	7,270
Management fee income from associates	313	301
Amount due to a shareholder, Probest	47,958	43,558
Promissory note payable to Probest	–	163,000
New Promissory note payable to Probest	112,285	–
Loan principal and interest waived by Probest	67,662	–
Interest expense charged by a shareholder, Probest	6,813	4,903
Rental paid to a joint venture partner	1,415	1,415
Amount due to a related party	1,873	–

17 RELATED AND CONNECTED PARTY TRANSACTIONS *(continued)*

Amounts due to associates and a related party are disclosed in the unaudited condensed consolidated balance sheet. Amounts due from associates at 30 June 2005 amounted to HK$998,608 (31 December 2004: HK$8,373,000). These balances are non-interest bearing and have no fixed terms of repayment.

18 CONTINGENT LIABILITIES

At 30 June 2005, the Group had no material contingent liabilities. Other than the Swank Guarantee as disclosed in note 14, the Company had no other material contingent liabilities as at 30 June 2005.

19 POST BALANCE SHEET EVENTS

On 4 July 2005, the board of directors of China Time Investment Holdings Limited ("China Time"), the offeror of an unconditional mandatory cash offer, in accordance with Rule 26 of the Hong Kong Code on Takeover and Mergers, to acquire all the issued Shares of the Company (the "Offer"), announced the Offer was closed. Upon which, valid acceptance has been received under the Offer in respect of 162,035 Shares (representing approximately 0.01% of the entire issued share capital of the Company at the date of the announcement.) After taking into account the valid acceptances of 162,035 Shares including valid acceptances of 162,035 Shares legal titles of which has been transferred to China Time, China Time owns 1,875,079,680 Shares (representing approximately 60% of the entire issued share capital of the Company).

Subsequent to the closing of the Offer, the registered office of the Company changed to Suite 1102, 11/F., ICBC Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong with effect from 5 July 2005.

20 ULTIMATE PARENT ENTERPRISE

The directors of the Company consider China Time Investment Holdings Limited to be its ultimate parent enterprise, which is incorporated in the British Virgin Islands.

21 COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current period's presentation.

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 Group reported a net profit of HK$56.5 million for the six months ended 30 June 2005, compared to a net loss of HK$0.4 million recorded for the same period last year. For the manufacturing business division, the Group recorded a turnover of HK$75.2 million, representing a decrease of 24% compared with last period. Sales orders for the current period were HK$74.2 million, versus last period of HK$85.8 million. The gross profit margin decreased from 16% for the period of last year to 5% for the same period this year due to the decrease in the sales orders that caused the low capacity utilization. For the newly established agency services division set up in June 2005, the Group recorded a revenue of HK$0.046 million.

Finance costs for the current period represented the interest on a promissory note and the loan due to a shareholder, Probest. Income of an exceptional nature also included HK$67.6 million represents the waiver of the loan principal, accrued interests and default interests of the promissory note due to Probest after the completion of the loan restructuring agreement on 3 June 2005.

Owing to the continue increase demand for lenses, the shared profit before taxation from the Group's 50 percent-owned associate, Dongguan Yueheng Optical Company Limited, was HK$2.2 million, versus HK$0.3 million recorded for the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Future Outlook

Optical industry is still booming during the period. Despite the turnover and gross profit margin for the current period decreased, the Group has successfully got 30% more new product development as compared with last year. However, since the normal product development cycle lasts for several months, the sales will not be reflected until next year. We also aim to shorten the product development cycle by adopting a more sophisticated project management method.

The Group will continuously focus on providing attractive design to customers and spending on research and development. The Group targets to quality market while differentiating ourselves with other local manufacturers in Wenzhou.

The Group will also invest in information technology to further provide valuable production and product development information to our customers. We intend to build up a more efficient communication platform with our customers.

The Group's cost saving measure continues to function well. This has become an on-going task of the Group.

Benefit from the booming optical industry, the lens factory sales continue to grow and we expect the contribution from lens will be more significant in second half of 2005.

The Board considers the newly introduced agency services business in relation to the sale of chemicals including phosphorus and other related materials will assist in broadening the income base of the Group and enhance profitability.

Liquidity and Financial Review

The Group mainly finances its day to day operations with internally generated cash flow. As at 30 June 2005, the current ratio of the Group, measured as total current assets to total current liabilities, was 3.2: 1.

During the period, the Group recorded a cash outflow generated from operations of HK$10.5 million. As at 30 June 2005, the Group recorded an amount of approximately HK$160.8 million due to Probest.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Liquidity and Financial Review (continued)

The Company executed a guarantee in favour of Probest ("Swank Guarantee") that if and whenever Profitown defaults for any reason in payment of the principal sum due under the Promissory Note to be issued to Probest, the Company will upon demand by Probest unconditionally pay and satisfy all the interest which Profitown is liable to pay under the New Promissory Note on and after such default. The obligations of the Company under the Swank Guarantee are unsecured and will cease to be effective if the put option is exercised by the Company requiring Probest or an independent third party procured by Probest to purchase all its shares in Profitown at any time before the expiry of 30 months from the completion of the disposal of Swank shares by, amongst others, Probest.

The Group conducts its business transactions mainly in Hong Kong dollars, US dollars, Euros and Renminbi. The Group did not arrange any forward currency contracts for hedging purposes. Whilst most of the Group's cash is denominated in currencies directly and indirectly linked to the US dollars, the exposure to exchange fluctuation in gains and losses is minimal. The Group's new promissory note and the loan due to Probest bear interest at a rate equivalent to 1% over Hong Kong prime rate per annum. The Group's borrowings are mainly denominated in Hong Kong dollars.

The gearing of the Group, measured as total debts to total assets, was 86% as at 30 June 2005, an improvement comparing to 109% of that of the Group as at 31 December 2004.

CHANGE OF SHAREHOLDINGS

In June, 2005, upon the completion date of a conditional sale and purchase agreement (as amended by a supplemental agreement) entered into between China Time, Probest, Rich Global, Kingsway Lion, TIHL and SW Kingsway on 20th January, 2005, China Time successfully acquired from Probest, Rich Global and Kingsway Lion 1,437,396,440, 156,283,205 and 281,238,000 Shares respectively, representing approximately 46%, 5% and 9% of the existing share capital of the Company representing a total of 1,874,917,645 Shares, representing approximately 60% of the issued share capital of the Company. On the same day, China Time was obliged under to make the Offer. Upon completion of the Offer, valid acceptance has been received under the Offer in respect of 162,035 Shares (representing approximately 0.01% of the entire issued share capital of the Company). After taking into account the valid acceptance of 162,035 Shares including valid acceptance of 162,035 Shares legal titles of which has been transferred to China Time, China Time owns 1,875,079,680 Shares (representing approximately 60% of the entire issued share capital of the Company).

CHANGE OF SHAREHOLDINGS (continued)

The following table shows the shareholding structure of Swank (i) at 18 April 2005, the date of the announcement in relation with a possible mandatory cash offer by China Time; (ii) at 4 July 2005 the closing date of the Offer; (iii) existing shareholding structure as at the date hereof.

	(i) At 18 April 2005, the date of announcement in relation with a possible mandatory cash offer		(ii) At 4 July 2005, the closing date of the offer		(iii) Existing shareholding structure	
	Number of shares	%	Number of shares	%	Number of shares	%
China Time	–	–	1,874,919,645	60	1,875,079,680	60
TIHL and its concert parties	1,593,599,230	51	156,202,790	5	156,202,790	5
SW Kingsway and its concert parties	593,724,000	19	156,202,795	5	156,202,795	5
Mr. Cheung Wah Hing	358,400	0.01	358,400	0.01	358,400	0.01
Public shareholders	937,181,104	29.99	937,179,104	29.99	937,019,069	29.99
Total	3,124,862,734	100	3,124,862,734	100	3,124,862,734	100

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the period, there were no material change on the investment held and also no material acquisition or disposal of any subsidiary and associate of the Group.

CAPITAL COMMITMENT, CHARGE ON GROUP ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2005, the Group has no material capital commitment, no charge on the Group's assets and no material contingent liability.

HUMAN RESOURCES AND SHARE OPTION SCHEME

As at 30 June 2005, the Group had 1977 employees. The Group's remuneration policy is primarily based on the individual performance and experience of employees, prevailing industry practice and market rates. In addition to the basic salaries, the Group provides staff benefits including medical insurance and contributions to the provident fund. Discretionary bonuses are also available to the Group's employees depending upon the overall performance of the Group. The Group also provides appropriate training programmes for benefits to employees' better personal development and growth.

HUMAN RESOURCES AND SHARE OPTION SCHEME (continued)

Messrs. Wang An Kang, Zhao Jun and Li Wei and Ms. Zhou Jing were appointed as executive directors of the Company, effective from 5 July 2005. Messrs. Choi Tze Kit, Sammy ("Mr. Choi") and Wu Bin were appointed as independent non-executive directors of the Company effective from 5 July 2005. Mr. Yau Tak Wah, Paul, Ms. Louie Mei Po, Ms. Wong Shin Ling, Irene, Mr. Tam Wing Kin and Mr. Cheung Wah Hing resigned as the executive directors of the Company, effective from 5 July 2005. Mr. Hahn Ka Fai, Mark, Ms. Shum Wai Ting, Rebecca, and Mr. Wu Wang Li resigned as the independent non-executive directors of the Company, effective from 5 July 2005.

Effective from 24 August 2005, Mr. Tam King Ching, Kenny ("Mr. Tam") was appointed as independent non-executive director of the Company. On the same day, Mr. Tang Suk Ngao, Raymond and Mr. Choi were appointed as the authorized representatives of the Company for the purpose of rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. Messrs. Choi, Wu Bin and Tam were appointed as the members of the audit committee of the Company and Mr. Wu Bin as the chairman of the audit committee effective from 24 August 2005.

Pursuant to the Company's share option scheme adopted on 28 May 2002 for a period of 10 years, the Company may offer to any employee of the Group options to subscribe for shares in the Company. No share option was outstanding as at 30 June 2005.

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

Interests in the Company

One of the directors who held office at 30 June 2005 had the following interests in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"):

Name of director	Nature of interest	Number of shares
Mr. Cheung Wah Hing	Personal	358,400

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES (continued)

Interests in the Company (continued)

As at the date hereof, the interests or short positions of each Director and the Company's chief executive in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) 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 they are taken or deemed to have under such provision of the SFO); of (b) were required to pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required to pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") to be notified to the company and the Stock Exchange are as follows:

Director	Nature of interest	Number of Shares	Approximate Percentage
Mr. Wang An Kang	Corporate	1,875,079,680	60%

Save as disclosed above, as at the date hereof, none of the Directors and chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; of (c) were required, pursuant to the Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

The Company had a share option scheme approved on 28 May 2002 under which the directors might grant options to eligible participants to subscribe up to 10% of the nominal amount of the issued share capital of the Company. As at 30 June 2005, the Company has no share options outstanding.

Save as disclosed herein, none of the directors or their associates held any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

(a) Interest in Shares of the Company

At 30 June 2005, the following interests of 5% or more in the issued share capital of the Company was recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

Name	Number of ordinary shares held	Percentage of the Company's issued share capital
China Time Investment Holdings Limited	1,874,919,645 (note 1)	60
Mr. Wang An Kang ("Mr. Wang")	1,875,079,680 (note 1)	60
Ms. Mu Yucun	1,875,079,680 (note 2)	60
Tomorrow International Holdings Limited ("TIHL") and its concert parties	156,202,790 (note 3)	5
Probest Holdings Inc. ("Probest")	156,202,790 (note 3)	5
SW Kingsway Capital Holdings Limited ("SW Kingsway") and its concert parties	156,202,795 (note 4)	5
Rich Global Investments Limited ("Rich Global")	156,202,795 (note 4)	5

Notes:

1. Mr. Wang is the sole shareholder of China Time Investment Holdings Limited.

2. Ms Mu Yucun is Mr. Wang's spouse and she is deemed to be interested in Mr. Wang's interest in the Shares.

3. Probest is an indirect wholly owned subsidiary of TIHL.

4. Rich Global is an indirect wholly-owned subsidiary of SW Kingsway.

Save 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 on the shares or underlying shares, or has any rights to subscribe for shares in respect of such capital.

SUBSTANTIAL SHAREHOLDERS (continued)

(b) Substantial shareholders of other members of the Group

As at the date hereof, so far as is known to the directors of the Company, the following are parties, other than a director of the Company, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances in general meetings of any other member of the Group.

Name of Subsidiary	Name of Substantial Shareholders	% of existing issued share capital
Profitown Investment Corporation	Probest Holdings Inc.	30%
Global Origin Limited	Trade Bargain Limited	10%
Profit Trend International Limited	Wischance Investments Limited	50%
Shenzhen Henggang Swank Optical Industrial Co. Ltd.	Henggang Zheng Stock Investment Co. Ltd.	19%

PURCHASE, REDEMPTION OR SALE OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2005.

CODE ON CORPORATE GOVERNANCE PRACTICES

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.4.1 of the Code.

Code Provision A.4.1 stipulated that non-executive directors should be appointed for a specific term, subject to re-election.

During the period, two independent non-executive directors of the Company, namely Mr. Hahn Ka Fai, Mark and Ms. Shum Wai Ting, Rebecca were not appointed for any specific fixed term and one independent non-executive director, Mr. Wu Wang Li, was appointed for the term of one year from 27 September 2004.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions and all its directors have complied with required standard set out in the Model Code throughout the accounting period for the six months ended 30 June 2005.

DIRECTORS

As at the date hereof, the Board of the Company comprises Messrs. Wang An Kang, Zhao Jun and Li Wei and Ms. Zhou Jing as Executive Directors and Messr. Choi Tze Kit, Sammy ,Wu Bin and Tam King Ching, Kenny as Independent Non-executive Directors.

ESTABLISHMENT OF REMUNERATION COMMITTEE

As at the date hereof, a Remuneration Committee comprising of two executive Directors, namely Messr. Zhao Jun and Li Wei and three Independent Non-Executive Directors, namely Messr. Choi Tze Kit, Sammy, Wu Bin and Tam King Ching, Kenny, was established. The Remuneration Committee primarily makes recommendations to the Board on the remuneration policy of all Directors and senior management. Mr. Zhao Jun is the chairman of the Remuneration Committee.

REVIEW BY AUDIT COMMITTEE

The 2005 interim report has been reviewed by the Audit Committee which comprises of three Independent Non-executive Directors of the Company. The Audit Committee was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls.

By order of the Board
Zhao Jun
Chairman

Hong Kong, 27 September 2005