



天鷹電腦集團控股有限公司
Sky Hawk Computer Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)



epoch-making
NEW technologies



Power One

2005 Interim Report

2005 Interim Report

The board of Directors (the "Board") of Sky Hawk Computer Group Holdings Limited (the "Company") is pleased to announce that the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005 with unaudited comparative figures for the corresponding period of last year, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2005

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Notes	2005 \$'000	2004 \$'000
Turnover	2	24,096	30,163
Cost of sales		(14,955)	(20,869)
		9,141	9,294
Other revenue	3&4	131	412
Distribution costs		(2,811)	(4,669)
Administrative expenses		(6,127)	(1,978)
Profit from operations		334	3,059
Finance costs		(118)	(107)
Profit before taxation	5	216	2,952
Taxation	6	–	–
Profit attributable to shareholders		216	2,952
Dividends	7	–	–
Earnings per share			
Basic	8	0.04 cent	0.60 cent

The notes on pages 5 to 12 form part of this interim financial report.

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 30 June 2005

(Expressed in Hong Kong dollars)

		At 30 June	At 31 December
		2005	2004
	Notes	\$'000	\$'000
Non-current assets			
Property, plant and equipment		30,623	32,576
Intangible assets		2,475	2,825
Deferred tax assets		1,718	1,718
		34,816	37,119
Current assets			
Inventories	9	56,417	42,065
Trade receivables	10	34,770	40,599
Prepayments, deposits and other receivable		8,164	6,873
Bank balances and cash		5,775	5,451
		105,126	94,988
Current liabilities			
Bank loans and overdrafts	11	6,303	2,959
Trade payables	12	10,334	14,900
Other payables and accruals		10,035	9,887
Tax payable		9,376	10,441
		36,048	38,187
Net current assets		69,078	56,801
		103,894	93,920
Capital and reserves			
Share capital	13	59,400	49,500
Reserves	14	44,494	44,420
		103,894	93,920

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

For the six months ended 30 June 2005

(Expressed in Hong Kong dollars)

	For the six months ended 30 June 2005 (Unaudited)					
	Statutory					
	Share capital \$'000	Share premium \$'000	reserve fund \$'000	Translation reserve \$'000	Retained profits \$'000	Total \$'000
At 1 January 2005	49,500	7,761	288	(1,426)	37,857	93,920
Shares issued at premium	9,900	-	-	-	-	9,900
Exchange reserve	-	-	-	(142)	-	(142)
Profit for the period	-	-	-	-	216	216
At 30 June 2005	59,400	7,761	228	(1,568)	38,073	103,894

	Six months ended 30 June, 2004 (Unaudited)					
	Statutory					
	Share capital \$'000	Share premium \$'000	reserve fund \$'000	Translation reserve \$'000	Retained profits \$'000	Total \$'000
At 1 January 2004	41,500	6,592	228	(1,076)	56,258	103,502
Shares issued at premium	8,000	1,169	-	-	-	9,169
Profit for the period	-	-	-	-	2,952	2,952
At 30 June 2004	49,500	7,761	228	(1,076)	59,210	115,623

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2005

(Expressed in Hong Kong dollars)

	Six months ended	
	30 June	
	2005	2004
	\$'000	\$'000
Net cash generated from (used in) operating activities	(10,733)	9,628
Net cash used in investing activities	(1,854)	(12,660)
Net cash generated (used in) financing activities	12,911	6,061
Increase/(decrease) in cash and cash equivalents	324	3,029
Cash and cash equivalents at 1 January	5,451	2,562
Cash and cash equivalents at 30 June	5,775	5,591
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	5,775	5,591

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong Dollar)

1. Basis of preparation

The consolidated interim accounts were unaudited and had been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and on a basis consistent with the accounting policies adopted in the Group’s audited annual financial statements for the year ended 31 December 2004.

The consolidated interim accounts had also been prepared in accordance with all applicable disclosure requirements of the Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The HKICPA had issued a number of new Hong Kong Financial Reporting Standards. Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as “new HKFRSs”) which are generally effective for accounting periods beginning on or after 1 January 2005. During the six months ended 30 June 2005, the Group had applied, for the first time, the new HKFRSs and such application had not resulted in a material change in the presentation of the Group’s financial statements for the six months ended 30 June 2005.

2. Turnover

Turnover represents amounts received and receivable for goods sold during the period less returns and discounts.

3. Segment information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

(a) Business segment

- i) Computer peripherals segment engages in manufacture and distribution of computers chassis and accessories.
- ii) Industrial products segment engages in sales of related petroleum products.

The Group's turnover and net profit for the period by business segment are as follows:

	Computer peripherals		Industrial products		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover	21,000	30,163	3,096	–	24,096	30,163
Segment results	393	3,145	11	–	404	3,145
Unallocated income						
less expenses					(70)	(86)
Finance costs					(118)	(107)
Profit before taxation					216	2,952
Taxation					–	–
Net profit for the period					216	2,952

(b) Geographical segment

The Group's business is managed on a worldwide basis, focusing on three major principal economic zones, namely Europe, Asia Pacific and North America.

All segment assets and capital expenditures are located in the Greater China region (including the PRC, Hong Kong and Taiwan).

	Six months ended 30 June 2005 (unaudited) HK\$'000	Six months ended 30 June 2004 (unaudited) HK\$'000
Europe	4,083	5,681
Asia Pacific	5,478	8,295
North America	14,535	16,187
	24,096	30,163

There is no major discrepancy in the ratios between turnover and profit in relation to the above geographical locations, hence no analysis is given of the profit contributions from the above geographical locations.

4. Other revenue

	Six months ended 30 June 2005 (unaudited) HK\$'000	Six months ended 30 June 2004 (unaudited) HK\$'000
Interest income	6	3
Net (loss)/gain on disposal of fixed assets	–	48
Gains on disposal of scrap materials	125	361
	131	412

5. Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June 2005 (unaudited) HK\$'000	Six months ended 30 June 2004 (unaudited) HK\$'000
(a) Finance costs:		
Interest on bank loans and overdrafts	118	107
(b) Other items:		
Cost of inventories	14,995	20,869
Depreciation of property, plant and equipment	3,807	3,632
Operating lease rentals in respect of properties	1,645	1,684
Research and development costs	63	1,026
Staff costs		
– wages, salaries and benefits	2,818	3,835
– Defined contributions retirement scheme	160	76

6. Taxation

Tax on the profits of subsidiaries operating elsewhere, if any, has been calculated at the rates of tax prevailing in their respective jurisdictions for financial reporting purposes.

During the six months ended 30 June 2005, no provisions for Taiwan income tax, PRC income tax and Hong Kong profits tax have been made as the Group sustained a loss or no estimated profit for Taiwan, PRC and Hong Kong tax purposes.

No provisions for deferred tax have been made as the effect of all timing differences is immaterial at the respective balance sheet date.

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7. Dividends

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2005 (30 June 2004: Nil).

8. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$216,000 (30 June 2004: profit HK\$2,952,000) and the weighted average of 514,800,000 shares (30 June 2004: 474,780,220 shares) in issue during the six months ended 30 June 2005, being the shares that would have been in issue throughout the period.

There were no potential dilutive shares in issue for both periods.

9. Inventories

	At 30 June 2005 (unaudited) HK\$'000	At 31 December 2004 (audited) HK\$'000
Raw materials	13,879	16,757
Work in progress	42,108	17,242
Finished goods	430	8,066
	56,417	42,056

Inventories were stated after charging a general provision, which was made in order to state these inventories at the lower of their cost and estimated net realisable value.

Sky Hawk Computer Group Holdings Limited

10. Trade receivables

The Group normally allows credit terms ranging from one to six months to its customers.

An aging analysis of the trade receivables is as follows:

	At 30 June 2005 (unaudited) HK\$'000	At 31 December 2004 (audited) HK\$'000
Current	520	–
1 to 3 months	8,090	24,916
More than 3 months but less than 12 months	24,785	12,683
Over 1 year	1,375	3,000
	34,770	40,599

11. Bank loans and overdrafts

	At 30 June 2005 (unaudited) HK\$'000	At 31 December 2004 (audited) HK\$'000
Secured bank borrowings	–	–
Bank loans – Secured	6,303	2,959
	6,303	2,959

All the bank loans and overdrafts are either repayable within one year or repayable on demand.

As at 30 June 2005, the bank borrowings of the Group were secured as follows:

- (i) inventories released under the trust receipt loans;
- (ii) mortgages over certain properties of the Group; and
- (iii) personal guarantees issued by a director.

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12. Trade payables

An aging analysis of the trade payables is follows:

	At 30 June 2005 (unaudited) HK\$'000	At 31 December 2004 (audited) HK\$'000
Due within 1 month or on demand	–	9,780
Due after 1 month but within 3 months	5,430	2,769
Due after 3 months but within 6 months	2,965	2,160
Due after 6 months but within 1 year	1,939	191
Total trade payables	10,334	14,900

13. Share capital

	At 30 June 2005 (unaudited) HK\$'000	At 31 December 2004 (audited) HK\$'000
Authorised:		
4,000,000,000 ordinary shares of HK\$0.1 each	400,000	400,000
Issued and fully paid:		
594,000,000 (31 December 2004: 495,000,000) ordinary shares of HK\$0.1 each	59,400	49,500

The increase in issued and fully paid shares of 99,000,000 shares related to a share placement of 99,000,000 shares during the six months ended 30 June 2005. Details of which were set out in the announcement of the Company dated 24 May 2005.

14. Reserves

The amounts of the Group's reserves and the movements therein for the six months ended 30 June 2005 and 2004 are presented on the condensed consolidated statement of changes in equity on page 3 of this report.

In accordance with the relevant PRC laws applicable to enterprises with foreign investment, the Company's subsidiaries in the PRC are required to transfer at least 10% of its annual net profit, as determined under PRC accounting rules and regulations to statutory reserve fund until the reserve balance reached 50% of the registered capital of the respective subsidiaries. This reserve can be used to convert into paid in capital and to offset previous years' losses, if any.

15. Operating lease commitments

As at 30 June 2005, the total future minimum lease payments under non-cancellable operating leases falling were due as follows:

	At 30 June 2005 (unaudited) HK\$'000	At 31 December 2004 (audited) HK\$'000
Within 1 year	2,170	2,738
In the second to fifth years, inclusive	1,242	3,879
	3,412	6,617

BUSINESS REVIEW

Turnover for the six months ended 30 June 2005 was approximately HK\$24.10 million, representing a significant decline of 20% from the corresponding period last year. During the six months ended 30 June 2005, the operating environment of the computer manufacturing industry could only be regarded stable and there were full of challenges in terms of prices due to the substantially higher prices of raw materials. By way of active cost control, the rise in sales was able to offset the production costs and therefore, gross profit consequently maintained at 12%. In view of the increase in costs which had put a heavy burden on various industries worldwide, the Group made an effort in quality control and also tried to recycle stockpiles. On the other hand, the Group further expanded its research team and improved its customer service platform, steered growth by emphasizing its project sales of OEM mini-barebone systems and helped the main board manufacturers and the U.S. and European large computer chain store distributors to offer tailor made and more stylish products to facilitate higher profits from distribution and retail.

During the six months ended 30 June 2005, with respect to overseas distribution markets, the Group restructured its European and Japanese market segments and its efforts in marketing. Turnover decreased 18.7% from HK\$139.76 million to HK\$95.61 million. The Group also endeavored to cultivate business personnel and utilize advertisements to launch a new image for its high-end chassis and power supply. The Group will further plan for and expand its market share.

Personal Computer Business

During the six months ended 30 June 2005, turnover of personal computer business was approximately HK\$11.4 million, representing 47% of the Group's turnover. Personal computer remained the largest production of the Group. Of the turnover contributed by this business, 38% was attributable to the Company's alloyed aluminum branded products. When compared with last year, the growth in OEM customer orders of North America represented 52% of the turnover, primarily contributed by computer chain stores and to a lesser extent by Taiwan main board manufacturers and direct distributors.

Network Products

During the six months ended 30 June 2005, sales of network products represented 12% of the Group's turnover, which was stable than last year. Gross profit margin was 35% (30 June 2004: 39%).

Power Supply

During the six months ended 30 June 2005, the strategy for production and sales was changed. Technological efforts were committed to medium- to high-end power supply. Turnover rose 3% from the corresponding period last year to approximately HK\$1.0 million.

Sale of Industrial Products

This is a new trading business incorporated in the Group since May 2005. This sales of its industrial related petroleum products make up of 11% of the Group's turnover at approximately HK\$3.0 million. Profit margin was approximately 0.35%.

FINANCIAL REVIEW

Results

For the six months ended 30 June 2005, the Group recorded a turnover of approximately HK\$24.1 million, representing a decrease of 20.09% as compared with HK\$30.16 million for the corresponding period of last year. Profit for the Group attributable to shareholders for the corresponding period dropped by approximately HK\$2.73 million (for the corresponding period of 2004 decreased by HK\$0.05 million). Basic and diluted earning per share for the six months ended 30 June 2005 amounted to \$0.04 Hong Kong cent (the six months ended 30 June 2004: \$0.60 Hong Kong cent).

Distribution of Business

During the six months ended 30 June 2005, turnover and operating profit by geographical area recorded a decline in every one of the geographical areas, with 60.32% in America, 16.94% in Europe, and 22.73% in Asia Pacific, etc. These were mainly contributed by the sales of large computer chain stores in these areas.

Administration Expenses

Due to the continued streamlining measures adopted by the Group in human resources, distribution and administration expenses dropped 67% for the six months ended 30 June 2005 over the corresponding period last year. Costs saving measures in various departments and improvement in technological effectiveness will carry on to strive to lower the waste of resources.

Use of Proceeds

The net proceeds from the share placement of 99,000,000 shares of the Company in 24 May 2005 amounted to approximately HK\$9.57 million. As at 30 June 2005, the Group has utilized approximately HK\$3.07 million in sales development and advertising expenses, approximately HK\$3 million for research & development and production facilities, and of approximately HK\$3.05 million for general working capital. The use of proceeds was in line with the disclosure made in the announcement of the placing of existing shares and subscription of new shares of the Company dated 24 May 2005.

Liquidity and Financial Resources

As at 30 June 2005, the Group had cash and bank balance of total amount of approximately HK\$5.78 million, net current assets of approximately HK\$69.08 million and long-term and current liabilities of HK\$36.05 million. As at 30 June 2005, the current ratio of the Group was 34.29% (as at 31 December 2004: 40.20%). The Group's banking facilities are secured by certain properties of the Group. The gearing ratio (total liabilities to total assets) was 25.75% (as at 31 December 2004: 28.90%).

Foreign Exchange Exposure

Most of the Group's business transactions are denominated in either United State dollars, Hong Kong dollars and Renminbi. As such, the Group had no significant exposure to foreign exchange fluctuations.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2005 (30 June 2004: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2005, the Group had a total of 352 employees, 318 of whom were employed in mainland China and 34 in Hong Kong, Taiwan and overseas.

The Group implements remuneration policy, bonus and share options schemes with reference to the performance of the Group and individual employees. The Group also provides benefits such as insurance, medical and retirement funds to employees.

PROSPECT

The Group will continue to pursue higher level of quality and technology with the support of systematic and computerized examination and control. The Group still firmly believed that the computer and technological products will become the world's consumer and integrated home multimedia and entertainment electrical appliances. Alloyed aluminum chassis will be the best solution for the release of heat arising from the increasing speed of main board and CPU. In terms of technological products, the Group will be the best partner for the sellers of worldwide famous computer brands and OEM/ODM clients.

Apart from the foregoing, with the joining of a new director and the development of strategic governance of business, the Group holds a positive view towards the production volume of the manufacturing industry and the rising economy of global business. The demand for energy related products such as petroleum and industrial related chemical products continued to grow, which promised a flourishing prospect for this business segment in the forthcoming year. Moreover, the selling prices of crude oil by-products are likely to rise. The said factors have posed a great opportunity for the Group to further develop this segment of business.

DIRECTORS' INTERESTS IN SHARE

As at 30 June 2005, the directors and their associates have the following interests or short positions in shares, underlying shares and debentures of Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Name of Director	Capacity	Number and class of shares/securities	Approximate percentage of the issued share capital
Wang Chia Chin	beneficial owner	117,151,000 ordinary shares of HK\$0.1 each (L)	19.72%
	interest of spouse (Note 1)	126,252,000 ordinary shares of HK\$0.1 each (L)	21.25%
Chen Ho Fa	beneficial owner	2,804,000 ordinary shares of HK\$0.1 each (L)	0.47%

Notes:

- These 126,252,000 shares are held and beneficially owned by Ms. Ko Su Mei, the spouse of Mr. Wang Chia Chin, therefore, Mr. Wang Chia Chin was deemed to be interested in these shares of the Company by virtue of SFO.
- The letter "L" denotes the person's long position in the relevant shares.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

As disclosed under the heading "Directors' interests in shares" above, at no time during the period under review were the right to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2005, the interests or short positions of every person, other than the Directors and the Chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register to be kept under section 336 of the SFO were as follows:

Name	Capacity	Number of Shares	Approximate percentage of the issued share capital
Ko Su Mei	beneficial owner	126,252,000 (L)	21.25%
	interest of spouse (Note 1)	117,151,000 (L)	19.72%

Notes:

1. These 117,151,000 shares are held and beneficially owned by Mr. Wang Chia Chin, the spouse of Ms. Ko Su Mei, therefore, Ms. Ko Su Mei was deemed to be interested in these shares of the Company by virtue of the SFO.
2. The letter "L" denotes the person's long position in the relevant shares.

Save as disclosed above, no person had notified the Company that he/she/it has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO as at 30 June 2005.

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”), which was conditionally adopted on 28 December 2001, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Scheme became effective on 17 January 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Directors of the Company may grant options to eligible employees or other participants, including directors of any company in the Group, to subscribe for share of the Company under the Scheme.

Upon payment of a nominal consideration of \$1 per option, it may be exercised at any time during the exercisable period, which is determined by the directors of the Company and may commence from the date of acceptance but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination under the Scheme. The exercise price is determined by the directors of the Company, and shall not be less than the highest of:

- i. the closing price of shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant, which must be a business day;
- ii. the average closing price of shares as stated in the Stock Exchange’s daily quotations for the five trading days immediately preceding the dates of offer of grant; and
- iii. the nominal value of the share.

The maximum number of shares in respect of which options may be granted under the Scheme may not in aggregate exceed 10% of the issued share capital of the Company as at the date of approval of the Scheme.

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During the six months ended 30 June 2005, no option was granted or agreed to be granted under the Scheme.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (“CG Code”) contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2005 except for the below.

Code Provision A.2.1

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

The Company does not have any officer with the title “chief executive officer” (the “CEO”). At present, the duties of a CEO are undertaken by Mr. Wang Chia Chin (“Mr. Wang”). Mr. Wang also is the founder and Chairman of the Company. Mr. Wang has over 17 years of experience in the computer peripherals manufacturing and distributing industry and is responsible for the strategic planning, overall business development and distribution business of the Group. The Board considered that, due to the nature and extent of the Group’s operations, Mr. Wang is the most appropriate chief executive of the Company because he particular has the in-depth knowledge and experience in the computer peripherals manufacturing and distributing industry. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make necessary arrangements.

Code Provision A.4.1

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

The existing independent non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the Company's annual general meeting under the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Code Provision A.4.2

Code provision A.4.2 stipulates that every director, including those appointed for specific term, should be subject to retirement by rotation at least once every three years.

According to the provisions of the Company's Bye-laws, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation save that the Chairman and/or the Managing Director of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. The board of directors of the Company will review the relevant provisions in the Bye-laws of the Company in the course of this year and propose relevant amendments to be made for approval by the shareholders at the forthcoming annual general meeting or special general meeting of the Company, whichever is earlier.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed 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 for the six months ended 30 June 2005,

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited financial statements for the six months ended 30 June 2005. The Committee meets regularly with the management, the external auditors and the internal audit personnel to discuss the accounting principles and practices adopted by the Group, internal control and financial reporting matters.

At present, the audit committee members comprise Mr. Chan But Leung, Mr. Shum Po Cheung and Mr. Lui Nam Kit, all being the independent non-executive directors of the Company.

REMUNERATION COMMITTEE

A Remuneration Committee has been established with written terms of reference in accordance with the requirements of the CG Code. The Remuneration Committee comprises two independent non-executive directors and one executive director of the Company.

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

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

By Order of the Board

Wang Chia Chin

Chairman

Hong Kong, 23 September 2005