

SINCERE WATCH (HONG KONG) LIMITED

(Incorporated in the Cayman Islands with limited liability)

Interim Report 2005 **For the six months ended** **30 September 2005**

INTERIM RESULTS

The board of directors (the “Board”) of Sincere Watch (Hong Kong) Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2005, together with the unaudited comparative figures for the corresponding period in 2004. These interim financial statements have not been audited, but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 September	
	Notes	2005 HK\$'000	2004 HK\$'000
Turnover	3	182,622	253,054
Cost of sales		<u>(115,132)</u>	<u>(184,858)</u>
Gross profit		67,490	68,196
Other income		3	20
Distribution costs		(8,580)	(6,407)
Administrative expenses		<u>(22,300)</u>	<u>(27,708)</u>
Profit before taxation	4	36,613	34,101
Taxation	5	<u>(6,406)</u>	<u>(5,985)</u>
Net profit for the period		<u>30,207</u>	<u>28,116</u>
Dividend	6	<u>–</u>	<u>–</u>
Earnings per share – basic	7	<u>9.9 cents</u>	<u>9.2 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30 September 2005 <i>HK\$'000</i>	(Audited) 31 March 2005 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	8	1,463	2,535
Deferred tax assets		13,345	12,816
		<hr/> 14,808 <hr/>	<hr/> 15,351 <hr/>
Current assets			
Inventories		227,367	191,887
Trade and other receivables	9	48,832	82,070
Amount due from immediate holding company	10	1,225	–
Amounts due from fellow subsidiaries of immediate holding company	11	19,837	21,291
Amount due from associates of immediate holding company	12	9,682	1,795
Bank balances and cash		95,990	123,590
		<hr/> 402,933 <hr/>	<hr/> 420,633 <hr/>
Current liabilities			
Trade and other payables	13	329,765	351,918
Amount due to immediate holding company	10	65	969
Amounts due to fellow subsidiaries of immediate holding company	11	–	10
Amount due to associates of immediate holding company	12	138	–
Taxation payable		10,793	6,313
		<hr/> 340,761 <hr/>	<hr/> 359,210 <hr/>
Net Current Assets		<hr/> 62,172 <hr/>	<hr/> 61,423 <hr/>
Total Assets less Current Liabilities		<hr/> 76,980 <hr/>	<hr/> 76,774 <hr/>
Capital and Reserves			
Paid In capital	14	200	1,001
Reserves		76,780	75,773
		<hr/> 76,980 <hr/>	<hr/> 76,774 <hr/>

CONDENSED CASH FLOW STATEMENT

	(Unaudited)	
	Six months ended	
	30 September	
	2005	2004
	HK\$'000	HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,631	11,152
NET CASH USED IN INVESTING ACTIVITIES	(231)	(268)
NET CASH USED IN FINANCING ACTIVITIES		
Dividend paid	(30,000)	—
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(27,600)	10,884
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	123,590	124,667
CASH AND CASH EQUIVALENTS AT END OF PERIOD	95,990	135,551

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For six months ended 30 September 2005

	Share capital HK\$'000	Accumulated profits HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 April 2005	1,001	75,773	–	76,774
Share transfer arising from group reorganisation	(1,001)	–	–	(1,001)
Issue of shares	200	–	800	1,000
Net profit for the period	–	30,207	–	30,207
2005 final dividend paid	–	(30,000)	–	(30,000)
	<u>200</u>	<u>75,980</u>	<u>800</u>	<u>76,980</u>
At 30 September 2005	200	75,980	800	76,980

For six months ended 30 September 2004

	Share capital HK\$'000	Accumulated profits HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 April 2004	1,000	123,622	–	124,622
Issue of share capital of a subsidiary	1	–	–	1
Net profit for the period	–	28,116	–	28,116
2004 final dividend paid	–	(100,000)	–	(100,000)
	<u>1,001</u>	<u>51,738</u>	<u>–</u>	<u>52,739</u>
At 30 September 2004	1,001	51,738	–	52,739

NOTES TO THE CONDENSED FINANCIAL INFORMATION

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed financial statements have been prepared under the historical cost convention, and in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Company was incorporated in the Cayman Islands under the Companies Law of Cayman Islands as an exempted company with limited liability on 21 July 2004. The Group underwent a reorganisation to rationalise its structure in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"), pursuant to which the Company became the ultimate holding company within the Group on 19 September 2005.

The Company's shares were listed on the Main Board of the Stock Exchange on 17 October 2005 (the "Listing"). Details of the group reorganisation are set out in Appendix V of the prospectus of the Company dated 30 September 2005 (the "Prospectus").

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the financial information for the year ended 31 March 2005, as reflected in the Prospectus, except in so far as the Group has applied for the first time, where applicable, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "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 by the Group has had no material effect on how the results for the current or prior accounting periods are prepared and presented. In particular, in the adoption of HKAS 39 in relation to the measurement of the Group's loans and receivables, there are no material effect on how the Company's results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for goods sold by the Group to external customers, less returns and allowances.

The Group's principal activity is the distribution and sales of watches as a single business segment.

An analysis of the Group's turnover by geographical market of its customers is as follows:

	(Unaudited) Turnover		(Unaudited) Segment Results	
	(Six months ended 30 September)		(Six months ended 30 September)	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical market:				
Hong Kong	125,951	199,228	58,919	58,652
PRC other than Hong Kong	5,668	13,529	1,853	3,684
Taiwan and Thailand (<i>Note</i>)	33,850	29,025	4,746	3,964
Other Asian countries	17,153	11,272	1,972	1,896
Turnover for the period	<u>182,622</u>	<u>253,054</u>	<u>67,490</u>	<u>68,196</u>
Unallocated corporate expenses			<u>(30,877)</u>	<u>(34,095)</u>
Profit before taxation for the period			<u>36,613</u>	<u>34,101</u>
Taxation			<u>(6,406)</u>	<u>(5,985)</u>
Net profit for the period			<u>30,207</u>	<u>28,116</u>

Note: During the six months ended 30 September 2005, the Group was the exclusive distributor of Franck MULLER brand of watches and watch accessories in Taiwan and Thailand. However, for delineation of business purposes, the Group has, upon the Listing, assigned and transferred all of its rights and obligations as the exclusive distributor of Franck MULLER brand of watches and watch accessories in Taiwan and Thailand to Sincere Watch Limited and the Group's export sales to these two markets have been discontinued accordingly.

4. PROFIT BEFORE TAXATION

	(Unaudited)	
	Six months ended	
	30 September	
	2005	2004
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:–		
Directors' remuneration	4,597	3,912
Other staff cost	7,332	5,968
Depreciation of property, plant and Equipment	872	1,313
Allowances for doubtful debts (included in administrative expenses)	–	7,848
Allowance for slow moving inventories	3,096	2,573
Minimum lease payments for rented premises	4,418	3,963
And after crediting:–		
Exchange gain (included in cost of sales)	18,526	1,033
Interest income	3	20

5. TAXATION

	(Unaudited)	
	Six months ended	
	30 September	
	2005	2004
	HK\$'000	HK\$'000
The tax charge comprises:–		
Current tax:		
Hong Kong Profits Tax	6,935	7,999
	<u>6,935</u>	<u>7,999</u>
Deferred tax		
Current year	(529)	(2,014)
	<u>(529)</u>	<u>(2,014)</u>
	<u>6,406</u>	<u>5,985</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both periods. The Group does not incur significant tax liabilities in other jurisdictions.

6. INTERIM DIVIDEND

The Board do not recommend the payment of an interim dividend for the six months ended 30 September 2005 (Six months ended 30 September 2004: Nil).

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the period attributable to shareholders of HK\$30,207,000 (2004: HK\$28,116,000) and on the 306,000,000 shares in issue during the period on the assumption that the group reorganisation and the capitalisation issue, as more fully described in Appendix V to the Prospectus have been effective from 1 April 2004.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2005, the Group paid approximately HK\$231,000 (2004: HK\$268,000) on acquisitions of property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES

	(Unaudited) 30.9.2005 <i>HK\$'000</i>	(audited) 31.3.2005 <i>HK\$'000</i>
Trade receivables	39,552	74,766
Other receivables	9,280	7,304
	<u>48,832</u>	<u>82,070</u>

The following is an aged analysis of trade receivables:

	(Unaudited) 30.9.2005 <i>HK\$'000</i>	(audited) 31.3.2005 <i>HK\$'000</i>
Within 30 days	22,054	58,244
31 – 60 days	14,873	4,694
61 – 90 days	6,254	15,435
Over 120 days	621	643
Trade receivables	43,802	79,016
Allowance for bad and doubtful debts	(4,250)	(4,250)
	<u>39,552</u>	<u>74,766</u>

The Group allows a credit policy normally ranging from 30 to 90 days to its trade customers.

10. AMOUNT DUE FROM/TO IMMEDIATE HOLDING COMPANY

	(Unaudited) 30.9.2005 HK\$'000	(audited) 31.3.2005 HK\$'000
Amount due from immediate holding company		
– trade	1,225	–
	<u>1,225</u>	<u>–</u>
Amount due to immediate holding company		
– non-trade	65	969 <i>(Note)</i>
	<u>65</u>	<u>969</u>

The following is an aged analysis of trade receivables due from immediate holding company:–

	(Unaudited) 30.9.2005 HK\$'000	(audited) 31.3.2005 HK\$'000
Within 30 days	1,225	–
	<u>1,225</u>	<u>–</u>

Note: The amounts were fully settled in September 2005.

11. AMOUNT DUE FROM/TO FELLOW SUBSIDIARIES OF IMMEDIATE HOLDING COMPANY

	(Unaudited) 30.9.2005 HK\$'000	(audited) 31.3.2005 HK\$'000
Amount due from fellow subsidiaries of immediate holding company		
– trade	19,763	21,168
– non-trade	73	123 <i>(Note)</i>
	<u>19,837</u>	<u>21,291</u>
Amount due to fellow subsidiaries of immediate holding company		
– trade	–	10
	<u>–</u>	<u>10</u>

Note: The amounts were fully settled in September 2005.

The following is an aged analysis of trade receivables due from fellow subsidiaries of immediate holding company:

	(Unaudited) 30.9.2005 HK\$'000	(audited) 31.3.2005 HK\$'000
Within 30 days	3,654	5,547
31 – 60 days	353	3,025
61 – 90 days	2,799	1,982
91 – 120 days	1,808	4,046
Over 120 days	11,149	6,568
	<u>19,763</u>	<u>21,168</u>

The following is an aged analysis of trade receivables due to fellow subsidiaries of immediate holding company:

	(Unaudited) 30.9.2005 HK\$'000	(audited) 31.3.2005 HK\$'000
Within 90 days	—	10
	<u>—</u>	<u>10</u>

12. AMOUNT DUE FROM/TO ASSOCIATES OF IMMEDIATE HOLDING COMPANY

	(Unaudited) 30.9.2005 HK\$'000	(audited) 31.3.2005 HK\$'000
Amount due from associates of immediate holding company		
– trade	9,682	1,486
– non-trade	—	309
	<u>9,682</u>	<u>(Note)</u> 1,795
Amount due to associates of immediate holding company		
– non-trade	138	—
	<u>138</u>	<u>—</u>

Note: The amounts were fully settled in September 2005.

The following is an aged analysis of trade receivables due from associates of immediate holding company:–

	(Unaudited) 30.9.2005 HK\$'000	(audited) 31.3.2005 HK\$'000
Within 30 days	590	1,486
31 – 60 days	5,052	–
61 – 90 days	4,040	–
	<u>9,682</u>	<u>1,486</u>

13. TRADE AND OTHER PAYABLES

	(Unaudited) 30.9.2005 HK\$'000	(audited) 31.3.2005 HK\$'000
Trade payables	302,793	326,344
Other payables	26,972	25,574
	<u>329,765</u>	<u>351,918</u>

The following is an aged analysis of trade payables:

	(Unaudited) 30.9.2005 HK\$'000	(audited) 31.3.2005 HK\$'000
Within 90 days	62,905	73,269
91 – 180 days	90,992	178,088
181 – 270 days	66,151	66,793
Over 270 days	82,745	8,194
	<u>302,793</u>	<u>326,344</u>

14. PAID IN CAPITAL

The paid-in capital as at 31 March 2005 represents the aggregate amount of the issued and fully paid share capital of Sincere Brand Management Limited ("SBML") and Sincere Brand Holdings Limited ("SBHL"), while the paid-in capital as at 30 September 2005 represents the issued and credited share capital of the Company.

	Number of Ordinary Shares <i>'000</i>	Amount <i>HK\$'000</i>
Authorised:-		
Ordinary shares of HK\$0.10 each		
– on 21 July 2004 (incorporation date) and 31 March 2005	1,000	100
– increase upon Group Reorganisation on 19 September 2005	1,999,000	199,900
	<u>2,000,000</u>	<u>200,000</u>
As at 30 September 2005	<u>2,000,000</u>	<u>200,000</u>

Issued and Paid:-

Ordinary shares of HK\$0.10 each on 21 July 2004 (incorporation date)	–	–
Issued on 18 August 2004 and credited as fully paid on 19 September 2005 upon group reorganisation	1,000	100
Issued on 19 September 2005 and credited as fully paid upon group reorganisation	1,000	100
	<u>2,000</u>	<u>200</u>
As at 30 September 2005	<u>2,000</u>	<u>200</u>

15. LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments payable under non-cancellable operating leases in respect of rented premises which fall due as follows:

	(Unaudited) 30.9.2005 HK\$'000	(audited) 31.3.2005 <i>HK\$'000</i>
Operating leases, for own use:		
– Within one year	7,273	7,307
– In the second to fifth years inclusive	5,706	9,212
	<u>12,979</u>	<u>16,519</u>

Operating lease payments represent rental payable by the Group and the Company for certain of its rental premises. Leases are negotiated for an average term of three years.

16. RELATED PARTY TRANSACTIONS

During the relevant periods, the Group had the following transactions with the following related parties:-

	(Unaudited)	
	Six months ended	
	30 September	
	2005	2004
	HK\$'000	HK\$'000
Sales to immediate holding company	12,166	9,002
Sales to fellow subsidiaries of immediate holding company	18,160	14,451
Sales to an associate of immediate holding company	20,676	16,844
Purchases from fellow subsidiaries of immediate holding company	3,650	995
Management fee paid to immediate holding company	1,800	1,800

17. POST BALANCE SHEET EVENTS

The following events took place subsequent to 30 September 2005:-

- (a) Pursuant to written resolutions of the shareholders of the Company passed on 19 September 2005:-
- (i) 304,000,000 shares have been issued pursuant to the Capitalisation Issue on 13 October 2005.
 - (ii) 102,000,000 shares have been issued pursuant to the Offering on 17 October 2005.
- (b) The Company's shares were listed on the Main Board of the Stock Exchange on 17 October 2005.

BUSINESS REVIEW AND PROSPECTS

Net profit attributable to shareholders for first half of the financial year ending 31 March 2006 rose by approximately 7.4% to approximately HK\$30.2 million, up from approximately HK\$28.1 million recorded in the corresponding first half of the financial year ended 31 March 2005. The increase in profit was achieved despite a decline in revenue for the first half of the financial year ending 31 March 2006 to approximately HK\$182.6 million, down from approximately HK\$253.1 million for first half of financial year ended 31 March 2005.

The decline in revenue was due mainly to the volatility of the Swiss Franc that gave rise to deferred purchasing by dealers in Hong Kong. In particular, from June 2005 to September 2005, the Hong Kong dollar strengthened considerably against the Swiss Franc as many dealers preferred to clear their existing stock holdings before making new purchases at a lower rate of exchange.

As a consequence of the strengthening Hong Kong dollar currency, gross margin climbed to approximately 37% during the six month ended 30 September 2005, compared with approximately 27% recorded for the corresponding period at 30 September 2004.

In line with the Group's plans to push for further growth in the region, advertising and promotional activities were stepped up in Hong Kong and China which resulted in an increase in distribution costs in the first half of the financial year ending 31 March 2006 to approximately HK\$8.6 million from approximately HK\$6.4 million recorded in the first half of financial year ended 31 March 2005.

Balance sheet as at 30 September 2005 remained strong with the Group having bank balance of approximately HK\$96.0 million.

Earnings per share for the first half of the financial year ending 31 March 2006 was 9.9 cents per share against first half of the financial year ended 31 March 2005 9.2 cents per share. Net asset value were 25.2 cents per share as at 30 September 2005 and 25.1 cents per share as at 31 March 2005.

The economic outlook for Hong Kong remained good with the territory expecting robust GNP growth for the year. With the opening of Disneyland, an influx of travellers from the region, especially from China is expected to visit Hong Kong. The overall retail environment is expected to grow and this will give an added boost to the Group's business.

Barring any unforeseen circumstances, the Board is optimistic about the performance in the second half of the financial year ending 31 March 2006.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2005, the Group's total shareholder's funds amounted to approximately HK\$77.0 million, compared with approximately HK\$76.8 million as at 31 March 2005. The Group has net current assets of approximately HK\$62.2 million, including bank and cash balance of approximately HK\$96.0 million as at 30 September 2005, compared with respective balances of approximately HK\$61.4 million and approximately HK\$123.6 million as at 31 March 2005. The Group has no borrowings or committed borrowing facilities. The Group's gearing ratio was nil at both periods. The financial position of the Group is strong with adequate funds on hand.

STAFF AND EMPLOYMENT

As at 30 September 2005, the Group employed a total work force of 40 staff. The Group has been constantly reviewing staff remuneration incentive to ensure it is competitive with relevant industries. The Group also provides benefits such as medical and retirement funds to employees to sustain competitiveness of the Group.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

The Company was listed on 17 October 2005 on the main board of the Stock Exchange. No disclosure of beneficial interests or short positions of the directors or the chief executive of the Company in any shares or underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) were made to the Company under the provisions of Divisions 7 and 8 of Part XV of the SFO as of 30 September 2005.

As at 17 October 2005, the beneficial interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Name of Director	Company/name of associated corporation	Capacity	Number of securities	Approximate percentage of shareholding
Mr. Tay Liam Wee	The Company	Interest of a controlled corporation (<i>Note</i>)	306,000,000 shares	75%

Note:

These shares are registered in the name of and beneficially owned by Sincere Watch Limited ("SWL"), 50.18% of its issued share capital is owned by TBJ Holdings Pte Ltd. ("TBJ"), which is in turn beneficially wholly-owned by Mr. Tay Liam Wee. Mr. Tay Liam Wee is deemed to be interested in all the shares held by SWL under the SFO.

The immediate holding company of the Group is SWL. The Group comprises of Sincere Brand Holdings Limited (incorporated in British Virgin Islands), Sincere Brand Management Limited (incorporated in Hong Kong) and Pendulum Limited (incorporated in Hong Kong).

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

The Company was listed on 17 October 2005 on the main board of the Stock Exchange. No disclosure of beneficial interests or short positions in any shares or underlying shares of the Company were made to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as of 30 September 2005.

As at 17 October 2005, so far as the directors of the Company (the “Directors”) were aware, the following persons would have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be recorded in the register to be kept under section 336 of the SFO:

Name	Capacity	Number of securities (Note 1)	Approximate percentage of shareholding
SWL	Beneficial owner	306,000,000 shares (L)	75%
TBJ (Note 2)	Interest of a controlled corporation (Note 2)	306,000,000 shares (L)	75%
Mr. Tay Boo Jiang (Note 2)	Interest of a controlled corporation (Note 2)	306,000,000 shares (L)	75%
Mr. Tay Liam Wee (Note 2)	Interest of a controlled corporation (Note 2)	306,000,000 shares (L)	75%

Notes:

1. The letter “L” denotes the person’s long position in the shares.
2. SWL is owned as to 50.18% by TBJ, which is in turn beneficially wholly-owned by Mr. Tay Liam Wee. By virtue of the voting deed entered into between Mr. Tay Boo Jiang and Mr. Tay Liam Wee on 24 August 2005, Mr. Tay Liam Wee agreed to consult and agree with Mr. Tay Boo Jiang on the action to be taken before exercising the voting rights with respect to Mr. Tay Liam Wee’s shares in TBJ as from 24 August 2005. Accordingly, each of TBJ, Mr. Tay Liam Wee and Mr. Tay Boo Jiang is by virtue of the SFO deemed to be interested in all the shares in which SWL is interested.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND MODEL CODE

The Company was listed on 17 October 2005 on the main board of the Stock Exchange. From 17 October 2005 to the date of this report, the Company has complied with the code provisions set out in the Code on Corporate Governance Practice contained in Appendix 14 to the Listing Rules.

From 17 October 2005 to the date of this report, the Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding director's securities transactions. Having made specific enquiry of all Directors, the Company confirmed that, in respect of the period from 17 October 2005 to the date of this report, all Directors have complied with the required standard set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Since the listing of the shares of the Company on the Stock Exchange on 17 October 2005, the Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries has purchased or sold any of the shares of the Company.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee with written terms of reference. The Remuneration Committee shall make recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all Directors and senior management of the Company and shall be delegated by the Board the responsibility to determine on behalf of the Board the specific remuneration packages for all executive Directors and senior management of the Company. The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Lew Victor Robert, Mr. King Roger and Ms. Lim Suet Fern. The chairman of the Remuneration Committee is Mr. King Roger.

NOMINATION COMMITTEE

The Company established a Nomination Committee with written terms of reference. The Nomination Committee is mainly responsible for making recommendations to the Board on appointment of Directors and management of the Board succession. The Nomination Committee comprises three independent non-executive Directors, namely Mr. Lew Victor Robert, Mr. King Roger and Ms. Lim Suet Fern. The chairman of the Nomination Committee is Ms. Lim Suet Fern.

AUDIT COMMITTEE

The Audit Committee, which was established pursuant to the requirements of the Listing Rules. During the period, the Audit Committee has reviewed with management the accounting principles and practices adopted by the Group as well as financial reporting matters including the review of the unaudited interim financial statements. The Audit Committee comprises three independent non-executive Directors, namely Mr. Lew Victor Robert, Mr. King Roger and Ms. Lim Suet Fern. The chairman of the Audit Committee is Mr. Lew Victor Robert.

As at the date of this report, the executive Directors are Mr. Tay Liam Wee, Mr. Chau Kwok Fun, Kevin and Ms. Tay Liam Wuan; the non-executive Director is Mr. Soh Gim Teik; and the independent non-executive Directors are Mr. Lew, Victor Robert, Ms. Lim Suet Fern and Mr. King Roger.

By order of the Board
Tay Liam Wee
Chairman

Hong Kong, 8 November 2005