



GREAT WALL CYBERTECH LIMITED

長城數碼廣播有限公司*

(Provisional Liquidators Appointed)

(Stock Code: 689)

(incorporated in Bermuda with limited liability)

Interim Report 2005

* *For identification purposes only*

The Board of Directors (the “Directors” or the “Board”) of Great Wall Cybertech Limited (Provisional Liquidators Appointed) (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2005.

DELAY IN PUBLICATION OF INTERIM RESULTS AND DESPACTCH OF INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2005

Due to various litigation against the Group and prolonged suspension of shares trading in the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), most of the responsible officers had left the Group. The Company has not been able to announce its unaudited interim results for the period ended 30 June 2005 and dispatch the Interim Reports within the due date as required by the Rules Governing the Listing of Securities (the “Listing Rules”).

The delay in publication of the Interim Results and the dispatch of the Interim Report constitute breaches of the Rules 13.48(1) and 13.49(6) of the Listing Rules by the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited)	
		Six months ended 30 June	
		2005	2004
	Notes	HK\$'000	HK\$'000
Sales turnover	5	174,290	10,276
Cost of goods sold		<u>(167,542)</u>	<u>(10,388)</u>
Gross profit/(loss)		6,748	(112)
Gain on deconsolidation of subsidiaries	6	–	205,229
Provision against amounts due from subsidiaries		–	(19)
Selling and marketing costs		(85)	(31)
Administrative expenses		<u>(2,548)</u>	<u>(2,144)</u>
Operating profit	7	4,115	202,923
Finance costs		<u>(103)</u>	<u>–</u>
Profit before income tax		4,012	202,923
Income tax expense	8	<u>(741)</u>	<u>–</u>
Profit for the period		<u>3,271</u>	<u>202,923</u>
Attributable to:			
Equity holders of the Company		3,271	202,923
Minority interest		<u>–</u>	<u>–</u>
		<u>3,271</u>	<u>202,923</u>
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in HK\$ per share)	11		
– basic		<u>0.04 Cents</u>	<u>2.5 Cents</u>
– diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited)	
		As at 30 June	
	Notes	2005 HK\$'000	2004 HK'000
ASSETS			
Non-current assets			
Property, plant and equipment		66	–
		<u>66</u>	<u>–</u>
Current assets			
Interests in subsidiaries not consolidated	13	–	–
Trade and other receivables		7,625	200
Cash and cash equivalents		38	1
		<u>7,663</u>	<u>201</u>
Total assets		<u>7,729</u>	<u>201</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	15	80,763	80,763
Other reserves	16	947,307	947,307
Profit and loss	17	(1,327,377)	(1,328,175)
Total equity		<u>(299,307)</u>	<u>(300,105)</u>
LIABILITIES			
Current liabilities			
Trade and other payables		298,154	292,517
Amount due to subsidiaries not consolidated		7,881	7,789
Current income tax liabilities		798	–
Bank overdraft		203	–
		<u>307,036</u>	<u>300,306</u>
Total equity and liabilities		<u>7,729</u>	<u>201</u>
Net current liabilities		<u>(299,373)</u>	<u>(300,105)</u>
Total assets less current liabilities		<u>(299,307)</u>	<u>(300,105)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total equity as at 1 January	(302,578)	(497,558)
Release of exchange fluctuation reserve upon subsidiaries deconsolidated	–	(5,470)
Profit for the period attributable to equity holders	<u>3,271</u>	<u>202,923</u>
Total equity as at 30 June	<u>(299,307)</u>	<u>(300,105)</u>

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND UPDATE

The Company was incorporated in Bermuda with limited liabilities and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda. The Company’s shares have been suspended for trading on the Stock Exchange since 24 March 2003. Joint and several provisional liquidators (“Provisional Liquidators”) have been appointed for the Company since 21 June 2003. Details of the Company’s legal and financial situations refer to note 2 below.

2. WINDING-UP PETITION AND THE PROGRESS OF THE COMPANY RESTRUCTURING

The Company and its subsidiaries have been experiencing financial difficulties since about 2002. A subsidiary’s creditor, the Bank of East Asia Limited (“BEA”), had issued statutory demands to the Company and the subsidiary, Video Epoch Limited (“VEL”), on 2 December 2002 and 27 November 2002 respectively. In the statutory demand, BEA has demanded the Company to settle a total outstanding debt of approximately HK\$17.8 million which the Company as a guarantor had guaranteed for VEL.

On 25 March 2003, BEA petitioned for the winding-up of the Company as the Company failed to comply with the statutory demand issued by BEA on 2 December 2002. Upon the application of the Company by summons filed on 30 April 2003, Mr. Derek K. Y. Lai and Mr. Joseph K. C. Lo of Deloitte Touche Tohmatsu were appointed as joint and several provisional liquidators of the Company by the High Court of Hong Kong Special Administrative Region (the “High Court”) on 21 June, 2003 so as to enforce and preserve the assets and business of the Company, to consider and review all Restructuring Proposals and/or Scheme of Arrangement to be proposed by any party.

An investor has expressed his interest to invest in the Company and has submitted a Restructuring Proposal to the Provisional Liquidators for the restructuring of the Company. Details of which refer to the announcements of the Company dated 10 June 2004.

On 26 September 2005, the Review Committee of the Stock Exchange has granted conditional approval for the Restructuring Proposal subject to the fulfillment of certain conditions. The Company has fulfilled some conditions and is working towards the fulfillment of the remaining conditions. Details of which refer to the announcement of the Company dated 2 December 2005. In addition, the winding up petition was adjourned to 29 May 2006.

3. BASIS OF PREPARATION

Going Concern

The Company is undergoing a capital restructuring scheme and the Directors are of the opinion that it is appropriate to prepare the accounts on a going concern basis. The interim financial statements do not incorporate any adjustments for possible failure of the Restructuring Proposal and the continuance of the Group as a going concern. Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these potential adjustments has not been incorporated in the interim financial statements.

Subsidiaries not consolidated

The accounts have been prepared based on the books and records maintained by the Company and its subsidiaries. However, due to (a) the liquidation of certain significant subsidiaries or their immediate holding companies; or (b) the seizure of the major assets and production facilities of the major subsidiaries under the court orders as security for the unsettled claims, the Directors have not been able to obtain access to the books and records of these subsidiaries and considered that control has been lost. The results, assets and liabilities of these subsidiaries were not consolidated into the accounts of the Group.

As explained by the Directors, since 20 July 2005, being the date on which the accounts for the year ended 31 December 2004 approved by the Directors, they had not received any further information concerning the progress and possible outcome of the liquidation or seizure of the assets of the aforesaid subsidiaries or their immediate holding companies. Any changes to the above status of liquidation or possible outcome from the seizure of assets of these subsidiaries or their immediate holdings companies might have a consequential effect on net liabilities of the Group and the Company as at 30 June 2005 and the results of the Group for the period ended 30 June 2005.

In the opinion of the Directors, the interim financial statements for the six months ended 30 June 2005 prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole in light of liquidation or seizure of the assets of subsidiaries and in accordance with the HKAS 27, Consolidated and Separate Financial Statements, issued by the Hong Kong Institute of Certified Public Accountants, stating that Consolidated Financial Statements should include only the controlled subsidiaries.

The accounts have been prepared based on the books and records maintained by the Company and its subsidiaries. However, in view of the lack of evidence available, the Directors were unable to represent as to the completeness of recording of all transactions entered into by the Company and its subsidiaries for the period ended 30 June 2005.

Due to limited books and records available to the Directors, the following information could not be disclosed in the Interim Report:

- a) Details of the retirement benefit scheme and the employee benefits as required by HKAS 19 “Employee Benefits”;
- b) Details of the share option scheme as required by the Listing Rules;
- c) Segment information disclosures as required by HKAS 14 “Segment Reporting” and the Listing Rules;
- d) Details of analysis of pledge of assets as required by the Hong Kong Companies Ordinance;
- e) Details of deferred taxation as required by HKAS 12 “Income Taxes”;
- f) Details of related party disclosures as required by HKAS 24 “Related Party Disclosures”;
- g) Details of the Group’s credit policy and ageing analysis of accounts receivable and accounts payable as required by the Listing Rules;
- h) Details of contingent liabilities as required by HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and the Hong Kong Companies Ordinance;
- i) Details of commitments as required by the Hong Kong Companies Ordinance and relevant HKASs, and
- j) Due to insufficient information, the interim financial statements do not contain a cash flow statement as required by HKAS 7 “Cash Flow Statements” and the Listing Rules.

4. PRINCIPAL ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in accordance with Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) except for the non-compliance as mentioned in note 3.

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim financial statements are the same as those used in the audited annual financial statements 31 December 2004, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and interpretations, herein collectively referred to as the “Hong Kong accounting standards” that affect the Group and are adopted for the first time for the current period’s financial statements:

- HKAS 1 Presentation of Financial Statements
- HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- HKAS 10 Events after the Balance Sheet Date
- HKAS 12 Income Taxes
- HKAS 16 Property, Plant and Equipment
- HKAS 17 Leases
- HKAS 18 Revenue
- HKAS 21 The Effects of Changes in Foreign Exchange Rates
- HKAS 23 Borrowing Costs
- HKAS 27 Consolidated and Separate Financial Statements
- HKAS 33 Earnings per Share
- HKAS 36 Impairment of Assets
- HKAS 37 Provisions, Contingent Liabilities and Contingent Assets
- HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards
- HKFRS 3 Business Combinations

The adoption of HKAS 1, 8, 10, 12, 16, 17, 18, 21, 23, 27, 33, 36, 37, HKFRS 1 and HKFRS 3 has had no material impact on the accounting policies of the Group and the methods of computation in the Group’s condensed consolidation financial statements for the current period.

5. SALES TURNOVER

Sales Turnover represents the net amounts received and receivable from sale of consumer electronic products to customers, less returns and discounts.

6. GAIN ON DECONSOLIDATION OF SUBSIDIARIES

	(Unaudited)	
	Six months ended 30 June	
	2005	2004
	HK\$’000	HK\$’000
Gain on deconsolidation of subsidiaries	–	205,229

The above amounts represents a gain on deconsolidation of the subsidiaries, Great Wall France SA which has put into liquidation during the year 2004, together with its immediate holding companies, after the release of exchange fluctuation reserve of approximately HK\$5,470,000.

7. OPERATING PROFIT

Operating profit is arrived at after charging:

	(Unaudited)	
	Six months ended 30 June	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff cost	1,522	1,070
Depreciation	11	–
Operating leases on land and buildings	<u>371</u>	<u>436</u>

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2004: NIL) on the estimate assessable profits for the six months ended 30 June 2005.

9. INDEMNIFIED LIABILITIES OF SUBSIDIARIES NOT CONSOLIDATED

The Company has given indemnities to certain bankers and vendors of its subsidiaries and associates, which are at present under liquidation or their assets are now under seizure pursuant to the court orders for the unsettled claims, in respect of loans advanced and services rendered to those subsidiaries and associates. The Company's obligations under these indemnities crystallized upon default payment on the part of those subsidiaries and associates.

10. DIVIDENDS

The Directors have resolved not to declare an interim dividend for the six months ended 30 June 2005 (2004: NIL).

11. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY DURING THE PERIOD

The calculation of basic earnings per share is based on the net profit attributable to equity holders for the period of HK\$ 3,271,000 (for the period ended 30 June 2004: HK\$202,923,000) and the weighted average number of 8,076,257,020 ordinary shares (for the period ended 30 June 2004: 8,076,257,020 ordinary shares) in issue.

12. INTERESTS IN SUBSIDIARIES

Details of the Company's subsidiaries as at 30 June 2005 which have been consolidated in the condensed financial statements are as follows:

Name	Nominal value of issued and fully paid ordinary share capital	Attributable equity interest of the Company		Principal activities
		Direct	Indirect	
Fortune Hand Industries Limited	USD1	100%	–	Investment holding
Great Wall Infrastructure Limited	USD1	–	100%	Investment holding
Innovision Enterprises Limited	HKD1	–	100%	Sales & marketing, product design of audio- visual products

- Note*
1. The subsidiaries, Fortune Hand Industries Limited and Great Wall Infrastructure Limited, were incorporated in the British Virgin Islands and operated in Hong Kong.
 2. The subsidiary, Innovision Enterprises Limited, was incorporated and operated in Hong Kong.

13. INTERESTS IN SUBSIDIARIES NOT CONSOLIDATED

- (a) The consolidated accounts for the period ended 30 June 2005 do not include the following subsidiaries, which (i) are either themselves or their immediate holding companies are in the course of liquidation or (ii) the major assets and production facilities of the subsidiaries have been under seizure by the Mainland China Court Orders as a security for the unsettled claims against the Group. Accordingly, the Directors of the Company were unable to have access to the books and records of these subsidiaries.

Details of these subsidiaries where the Directors considered that control to have been lost are as follows:

Name of the principal subsidiaries	Proportion of nominal value of issued capital held by the Company	
	Directly	Indirectly
Video Epoch Limited (*)		100%
Video Epoch Electronic (Huizhou) Limited		100%
Huizhou City Caixing Electrical Appliance Limited		75%
Huizhou City Hua Xing Packing Material Company Limited		88%
Huizhou City Hang Tung Paper Products Printing Limited		70%
Brilliant Plastic Manufacturing Limited (*)		100%
Brilliant Plastic and Mould Manufacturing (Huizhou) Limited		90%
Brilliant Plastic Industrial (Huizhou) Limited		100%
Art-Tech Speakers Manufacturing (Huizhou City) Limited		67%
Art-Tech Electronics (Huizhou) Limited		100%
Great Wall Industries Company Limited		100%
Guangzhou Rowa Electronics Company Limited		60%
Great Wall France SA (**)		100%
Lipon Products Limited (***)		100%
Great Wall Electronics Group Limited (***)	100%	

* private companies incorporated and operated in Hong Kong

** private companies incorporated and operated in France

*** private company incorporated in the British Virgin Islands and operated in Hong Kong

The above subsidiaries were incorporated and operating in the People's Republic of China, except as otherwise noted.

The consolidated accounts do not include the results of these subsidiaries up to the respective dates of appointment of liquidators as ordered by the courts as, in the opinion of the Directors, the accounts prepared on the captioned basis present more fairly the results and state of affairs of the Group as a whole in light of liquidation and seizure of the assets of subsidiaries.

- (b) The accounts of the Group do not consolidate the accounts of the following subsidiaries set out below as in the opinion of the Directors, the non-consolidation of the results of these subsidiaries would not significantly affect the results of the Group for the current period and the cost of obtaining this information would exceed the value of this information to the members of the Company.

Details of these principal subsidiaries not consolidated as at 30 June 2005 are as follows:

Name of the principal subsidiaries	Proportion of nominal value of issued capital held by the Company	
	Directly	Indirectly
Great Wall Capital Management Limited	–	100%
Great Wall Electronics Holding Limited	100%	–
Great Wall Strategic Holdings (BVI) Limited #	–	100%
Shenzhen Rowa Digital Network Technology Limited *	–	90%
Star Source Industries Limited	–	100%
Well Concur Limited	–	100%

incorporated in the British Virgin Islands

* registered and operating in the People's Republic of China as a sino-foreign equity joint venture

The above subsidiaries were incorporated and operating in Hong Kong, except as otherwise noted.

- (c) The Directors have formed the opinion that the Group's interests in the above subsidiaries have been impaired and such impairment losses have been recognized in the accounts in previous years.

14. ASSOCIATES

Summary particulars of the Group's principal associates held by subsidiaries not consolidated as at 30 June 2005 were as follows:

Name	Nominal value of issued and fully paid ordinary share capital/ registered capital	Attributable equity interest held by subsidiaries not consolidated	Principal activities
Eltic Electronics Company Limited	HK\$5,000,000	50%	Manufacture and sale of audio visual products
Eltic Electronics (Huizhou) Limited *	HK\$7,000,000	50%	Manufacture and sale of audio visual products
Great Wall Electronics Limited	HK\$1,000 HK\$4,000,000 ⁺⁺	50%	Manufacture and sale of audio products
Welsona Polyfoam Limited	HK\$2,500,000	40%	Manufacture and sale of polyfoam products

* Registered and operating in the PRC as a wholly foreign owned enterprise.

⁺⁺ Non-voting deferred shares.

The above associates were incorporated and operating in Hong Kong, except as otherwise noted.

15. SHARE CAPITAL

	(Unaudited)	
	30.06.2005	30.06.2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:		
25,000,000,000 ordinary shares of HK\$0.01 each	<u>250,000</u>	<u>250,000</u>
Issued and fully paid:		
8,076,257,020 ordinary shares of HK\$0.01 each	<u>80,763</u>	<u>80,763</u>

16. OTHER RESERVES

	Share premium account <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus account <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2004	792,011	9,924	145,372	5,470	952,777
Exchange realignment	—	—	—	(5,470)	(5,470)
At 30 June 2004	<u>792,011</u>	<u>9,924</u>	<u>145,372</u>	<u>—</u>	<u>947,307</u>
At 1 January 2005 and 30 June 2005	<u>792,011</u>	<u>9,924</u>	<u>145,372</u>	<u>—</u>	<u>947,307</u>

17. PROFIT AND LOSS

	(Unaudited)	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January		
Profit for the period	<u>(1,330,648)</u>	<u>(1,531,098)</u>
	<u>3,271</u>	<u>202,923</u>
At 30 June	<u>(1,327,377)</u>	<u>(1,328,175)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Situation and Restructuring of the Group

As a result of the Group's financial position, Provisional Liquidators were appointed on 21 June 2003. Details of the Group's financial situation and the progress of the Company Restructuring refer to note 2 to the interim results announcement.

Failure to Access the Books and Records of Certain Subsidiaries

Due to (a) the liquidation of certain subsidiaries or their immediate holding companies; and (b) the seizure of the major assets and production facilities of the subsidiaries under the court orders as security for the unsettled claims, the Directors have not been able to obtain access to the books and records of these subsidiaries and considered that control has been lost.

Business Review & Prospects

For the six months ended 30 June 2004, the Group made a small turnover of HK\$10 million subsequent to the liquidation of Great Wall France SA, a subsidiary operating in France which contributes the majority sales to the group since the year 2003, in 2004 and its results had been deconsolidated from the consolidated accounts for the period ended 30 June 2004. The profit for the six months period ended 30 June 2004 was mainly attributable to a gain of approximately HK\$205 million on deconsolidation of subsidiaries.

In June 2004, an investor agreed to advance funds on an interim basis and seconded management to the Group. With her financial support, the Group continued to maintain its principal activities of manufacture and sales of consumer electronic products which mainly include conventional television, home theatre and DVD. Since the Group's main production facilities in Huizhou have been leased and frozen in November 2002, the Group at present is mainly engaged in providing customers with our product design, specification and solution in the manufacturing process while the production is subcontracted to subcontractors.

The turnover of the Group began to pick up in the second half year of 2004. For the six month period ended 30 June 2005, the Group made a turnover of HK\$174 million and registered a net profit of HK\$3 million after tax. It is a good sign to the Group as under the new management, the Company has returned back to a profitable position. According to the past seasonal patterns, majority of the sales would normally come from the second half of the year. The management has the confidence that the Company would perform even better in the second half of the year 2005.

Liquidity, Financial Resources & Funding

Given that the Group has been under provisional liquidation, all banking facilities have been frozen. Financial assistance from the investor and cash inflow from operation are, at present, the major sources of funding for the Group. It is expected that the creditors' indebtedness due by the Company will be released and discharged in its entirety if the restructuring for the Group can be successfully completed so that the Group will have sufficient working capital to restore its normal operations.

Contingent Liabilities & Employees

Due to the failure to access the books and records of certain subsidiaries as explained above, no detailed analysis on contingent liabilities and employees' training & remuneration policy are made for the period ended 30 June 2005.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURE ORDINANCE ("SFO")

At 30 June 2005, shareholders who had interests or short positions in the shares or underlying shares of the Company which would have to be disclosed to the Company and the Stock Exchange under the Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which were taken or deemed to be have under such provisions), or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO were as follows:

Long position of substantial shareholders in the shares of the Company

Name	Number of shares	Percentage
Citigroup Inc.	1,811,940,295	22.4%
Vandor Profits Limited (<i>Note</i>)	618,720,250	7.7%

Note: Vandor Profits Limited ("Vandor") is beneficially owned by Mr. Wu Shaozhang.

Save as disclosed above, the Company has not been notified by any person (other than the directors of the Company) who had interests or short positions in the Shares or underlying Shares which would have to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which were taken or deemed to be have under such provisions), or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2005, the interests or short positions of the Directors and Chief Executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules were as follows:

Long position in the shares of the Company:

Director	Type of interest	Capacity	Number of shares held	% of the issued share capital of the Company
Mr. Wu Shaozhang <i>(Note)</i>	Corporate	Beneficial owner	618,720,250	7.7%

Note: These shares are held by Vandor (see the section "Interests and short position of shareholders discloseable under SFO)

Save as disclosed above, no Directors or Chief Executive have any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to be have under such provisions), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the six month ended 30 June 2005 was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

During the period, neither the Company nor any of its subsidiaries has purchased, sold, or redeemed any of the Company's securities.

CONTINUING OBLIGATIONS DISCLOSURE PURSUANT TO CHAPTER 13 OF THE LISTING RULES

Due to incomplete financial information available as mentioned in the section "Failure to Access the Books and Records of Certain Subsidiaries" above, the Directors did not have adequate data to compile the information for disclosure pursuant to the disclosure requirements of Rule 13.13 Advance to an entity and Rule 13.16 Financial Assistance and Guarantees to Affiliated Companies of the Listing Rules for the period ended 30 June 2005 to illustrate the changes since the period ended 30 September 2002.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting periods covered by the Interim Report, except that the Non-Executive Directors of the Company are not appointed for specific terms as required by paragraph A.4.1 of the Code, but are subject to retirement by rotation in accordance with Company's bye-laws.

COMPLIANCE WITH MODEL CODE

Trading in the Shares of the Company have been suspended since 24 March 2003 and the Directors are of the opinion that the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules are not applicable for the periods covered by the Interim Report.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited consolidated financial statements for the six months ended 30 June 2005 with the Directors. The Committee now comprises three Independent Non-Executive Directors namely Messrs. Lee Shue Shing, Mr. Wu Xiaoke and Mr. Poon Kwok Shin, Edmond.

BOARD OF DIRECTORS

As at the date of this report, the Board consists of Mr. Wu Shaozhang, Mr. Wong Kwok Wing, Mr. Tse On Kin, Mr. Yuen Chung Yan, John, Mr. Chen Weixiong as Executive Directors, Mr. Lee Shue Shing, Mr. Wu Xiaoke and Mr. Poon Kwok Shin, Edmond as Independent Non-Executive Directors.

By Order of the Board of Directors

Wu Shaozhang

Chairman

Hong Kong, 9 December 2005