

- b) Advance to entities under Rule 13.13 of the Listing Rules:
- (i) At 30 June 2005, the Group had a loan receivable of approximately HK\$39,510,000 and the accrued loan interest receivable of approximately HK\$5,358,000 due from a shareholder of the Group's associate, United Victoria (the "Borrower"). Pursuant to the loan agreement, interest of the loan is chargeable at 4% over prime rate per annum. The loan is secured by a pledge of the 20% equity interest in United Victoria owned by the Borrower. The loan was originally due for repayment in 2003. The repayment date of the loan together with interest thereon was extended to June 2005. The loan receivable balance of HK\$39,510,000 represented 22.8% of the Group's net assets at 30 June 2005. The Group is in the process of enforcing the repayment of the loan and interest receivables by realising the 20% equity interest in United Victoria secured thereto for settlement of the outstanding receivables.
 - (ii) At 30 June 2005, the Group had an amount of approximately HK\$78,679,000 due from Beijing Tianheng, representing the net consideration receivable on disposal of 90.1% interest of the registered capital of Kong Sheng. This consideration receivable representing approximately 42% of the Group's net assets at 30 June 2005 is unsecured and interest free.

Audit Committee

As at the date of this report, the Audit Committee has three independent non-executive directors of the Company. 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 financial statements of the Group for the period ended 30 June 2005 with the management.

Board of Directors

As at the date of this report, the Board of the Company comprises four executive directors, namely Mr. Kong Lok King, Mr. Kong Li Jer, Mr. Kong Li Szu and Mr. Cham Yiu Keung; three independent non-executive directors, namely, Mr. Ip Man Tin, David, Mr. Lo Tat Shing and Mr. Chan Chiu Hung, Alex.

By Order of the Board
Kong Li Szu
Executive Director

Hong Kong, 28 June 2006