

**(b) Substantial shareholding in other members of the Group**

As at 31st December 2003, as far as is known to the directors and chief executive of the Company, the following party, other than a director or chief executive of the Company, 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 at general meeting of any other member of the Group.

<b>Name of subsidiary</b>	<b>Name of shareholder</b>	<b>Number and class of shares held</b>	<b>% of shareholding</b>
Pacific Cruises (Hainan) Limited	Wong Kin Ming	4,900,000 ordinary shares	49%

Save as disclosed above, the directors and the chief executive of the Company are not aware that there is any party who, as at 31st December 2003, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or 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 at general meeting of any other member of the Group.

**SHARE OPTION SCHEME**

In accordance with the terms of the share option scheme adopted by the Company on 6th November 2001 (the “Share Option Scheme”), the Company may grant options to executive directors and employees of the Company to subscribe for shares in the Company, subject to a maximum of 30% of the issued share capital of the Company from time to time excluding for this purpose shares issued in the exercise of options. The subscription price will be determined by the directors by reference to (i) the nominal value of the shares, (ii) the closing price per share as stated in the Stock Exchange, and (iii) the average closing price of the shares quoted on the Stock Exchange on the five trading days immediately preceding the date of the grant of the options, whichever is higher.

During the six months ended 31st December 2003, no share options were granted under the Share Option Scheme.

**SIGNIFICANT SUBSEQUENT EVENTS**

**(1) Issuance of secured guaranteed floating rate notes (the “Floating Rate Notes”)**

On 20th January 2004, the Company has issued a secured guaranteed floating rate notes. The principal amount of the Floating Rate Notes is US\$10,000,000. The maturity date of the Floating Rate Notes is 20th January 2006 and the interest rate of that is based on the LIBOR rate for deposits in US Dollars for one month plus a margin of 1.5% per annum. Under the arrangement of the issuance of the Floating Rate Notes, the 51% of the issued share capital of Pacific Cruises (Hainan) Limited has been charged as collateral.

## **(2) Appointment of director and company secretary**

On 23rd and 24th of February 2004, Mr. Chan Wing Yau George and Mr. Chan Cheuk Ho were appointed as director and company secretary of the Company respectively.

## **CONTINGENT LIABILITIES**

As at 31st December 2003, the Group and the Company did not have any significant contingent liabilities.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31st December 2003.

## **AUDIT COMMITTEE**

The audit committee of the Group has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 31st December 2003.

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors have not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's Bye-laws.

By Order of the Board

**Sean Liu**

*Director*

Hong Kong, 24th March 2004