

Continuing Disclosure Obligation

1. DISCLOSURE PURSUANT TO RULES 13.13 AND 13.15 OF THE LISTING RULES

As at 31st December, 2004, there were 567,362,500 shares of the Company in issue. Based on the average closing price of the Company's shares of HK\$0.2388 as stated in the Stock Exchange's daily quotation sheets for the trading days from 23rd December, 2004 to 30th December, 2004 (both days inclusive), being five business days immediately preceding 31st December, 2004, the total market capitalization of the Company was approximately HK\$135 million as at 31st December, 2004 ("Market Capitalization").

As at 31st December, 2004, the aggregate amount of the receivables ("Receivables") due from the following entity (the "Entity") to the Group represented more than 8% of the Market Capitalization:

Name of the Entity	Aggregate Amount due to the Group as at	% to Market	Payment Terms	Nature of the transactions
	31st December, 2004	Capitalization		
Heshan Yue Ye Gong Mao Company Limited ("Heshan Yue Ye") (note 1)	Approximately HK\$15 million	11.4%	(a) For rental receivable: Unsecured, interest free and due on 3 months after presentation; (b) For management fee receivable: Unsecured, interest free and due on 3 months after presentation; (c) For commission: Unsecured and interest free (note 2)	(a) Rent of machineries; (b) Management fee (note 2); and (c) Commission (note 2)

Notes:

- All Receivables represented amounts due from services provided by the Group in the ordinary course of business and on normal commercial terms. The Entity is independent of and not connected with the directors, chief executives or substantial shareholders of the Group, or their respective associates and not otherwise a connected person of the Company within the meaning of the Listing Rules.
- Management fee is charged for provision of on-site training, management and technical services on overall factory management, etc. Commission is charged for referral of business contacts in the PRC to Heshan Yue Ye upon conclusion of a deal and will be settled by Heshan Yue Ye upon full satisfactory completion of relevant transaction.

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2. DISCLOSURE PURSUANT TO RULES 13.18 OF THE LISTING RULES

The loan agreement dated 8th January, 2003 was entered into amongst, inter alias, the Company, CITIC Ka Wah Bank Limited (as arranger and agent) and a syndicate of banks (the “Loan Agreement”).

On 8th January, 2003, the Company entered into the Loan Agreement with, inter alias, a syndicate of banks for a term loan facility of up to HK\$120,000,000 and repayable in full on or before the last business day in January 2006. Under the provisions of the Loan Agreement, there would be an event of default if, at any time Mr. Pang Tak Chung, chairman and a substantial shareholder (as defined in the Listing Rules) ceased to own and control either directly or indirectly collectively at least 51% of the shareholdings and voting rights in the Company. Upon occurrence of an event of default, all amounts accrued or outstanding in respect of all loans (including accrued interest) under the Loan Agreement shall become immediately due and payable.

As at 31st December, 2004, the amount outstanding under the Loan Agreement is HK\$66,516,000.