



Wisdom Venture Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Interim Report

For The Six Months Ended 30th September 2004

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Corporate Information

BOARD OF DIRECTORS

Mr. David AN (*Chairman*)
 Ms. FENG Ya Lei
 Mr. ZHOU Nan Zheng
 Ms. KWAN Po Wan
 Mr. LI Wai Keung*
 Mr. LIU Jian*
 Mr. LIU Wei*

* *Independent non-executive director*

AUDIT COMMITTEE

Mr. LI Wai Keung (*Committee Chairman*)
 Mr. LIU Jian
 Mr. LIU Wei

COMPANY SECRETARY

Ms. KWAN Po Wan

REGISTERED OFFICE

P.O. Box 309
 Uglan House
 South Church Street
 George Town
 Grand Cayman
 Cayman Islands
 British West Indies

PRINCIPAL OFFICE

Unit A, 12th Floor, Shui On Centre
 6-8 Harbour Road
 Wanchai
 Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
 Standard Chartered Bank

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Bank of Butterfield International (Cayman) Ltd.
 Butterfield House
 Fort Street
 P.O. Box 705
 George Town
 Grand Cayman
 Cayman Islands

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Secretaries Limited
 Ground Floor
 Bank of East Asia Harbour View Centre
 56 Gloucester Road
 Wanchai
 Hong Kong

Interim Results

The board of directors of Wisdom Venture Holdings Limited (the “Company”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2004 together with the comparative figures as follows:

Condensed Consolidated Income Statement

For the six months ended 30th September 2004

	<i>Notes</i>	Six months ended 30th September	
		2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Turnover	2	130,286	270,090
Cost of sales		(107,785)	(247,780)
Gross profit		22,501	22,310
Other operating income		5,462	5,560
Distribution costs		(5,123)	(3,341)
Administrative expenses		(15,799)	(14,980)
Profit from operations	3	7,041	9,549
Interest on bank borrowings wholly repayable within five years		—	(1)
Profit before taxation		7,041	9,548
Taxation	4	(15)	(16)
Profit before minority interests		7,026	9,532
Minority interests		(5,012)	(5,435)
Profit attributable to shareholders		2,014	4,097
Earnings per share (Hong Kong cents)	5	0.2	0.4

Interim Results

Condensed Consolidated Balance Sheet

At 30th September 2004

	<i>Notes</i>	30th September 2004 (Unaudited) HK\$'000	31st March 2004 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	6	153,043	148,011
CURRENT ASSETS			
Inventories		27,381	41,643
Trade and other receivables	7	62,333	51,509
Bills receivable		8,020	7,155
Amounts due from related companies	8	1,044	1,545
Pledged bank deposit		7,896	7,870
Bank balances and cash		67,993	50,738
		174,667	160,460
CURRENT LIABILITIES			
Trade and other payables	9	21,199	14,821
Amount due to a related company	10	24	1,444
Taxation payable		22	15
Bank overdraft		588	—
		21,833	16,280
NET CURRENT ASSETS		152,834	144,180
TOTAL ASSETS LESS CURRENT LIABILITIES		305,877	292,191
NON-CURRENT LIABILITIES			
Retirement benefit obligations		393	393
Minority interests		136,834	128,558
		168,650	163,240
CAPITAL AND RESERVES			
Share capital		99,000	99,000
Reserves		69,650	64,240
		168,650	163,240

Interim Results

Condensed Consolidated Cash Flow Statement

For the six months ended 30th September 2004

	Six months ended 30th September	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
NET CASH FROM OPERATING ACTIVITIES	22,063	13,573
NET CASH USED IN INVESTING ACTIVITIES	(5,396)	(1,514)
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,667	12,059
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	50,738	29,262
CASH AND CASH EQUIVALENTS AT END OF PERIOD	67,405	41,321
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	67,993	41,321
Bank overdraft	(588)	—
	67,405	41,321

Interim Results

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September 2004

	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1st April 2004	99,000	96,986	12,997	(45,743)	163,240
Surplus arising on revaluation of property, plant and equipment, net of minority interests' share not recognised in the consolidated income statement	—	—	3,396	—	3,396
Realised on depreciation of property, plant and equipment	—	—	(529)	529	—
Profit attributable to shareholders	—	—	—	2,014	2,014
At 30th September 2004	99,000	96,986	15,864	(43,200)	168,650

	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1st April 2003	99,000	96,986	12,975	(51,968)	156,993
Realised on depreciation of property, plant and equipment	—	—	(859)	859	—
Realised on disposal of property, plant and equipment	—	—	117	(117)	—
Profit attributable to shareholders	—	—	—	4,097	4,097
At 30th September 2003	99,000	96,986	12,233	(47,129)	161,090

Interim Results

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September 2004

1. Basis of preparation and principal accounting policies

The condensed consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of property, plant and equipment.

The accounting policies adopted in preparation of these condensed consolidated financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31st March 2004.

2. Segment information

For management purposes, the Group’s operations are organised into two operating divisions namely manufacture and sales of paper packaging products and trading of petroleum products. These divisions are the basis on which the Group reports its primary segment information.

On 13th October 2004, the Company announced the exercise of the put option granted by Good Partner Trading Limited (“Good Partner”) to the Company under the shareholders’ agreement entered into between Good Partner, Mr. Lee Wan Keung (“Mr. Lee”) and the Company on 14th June 2002 to require Good Partner to purchase 51% of the issued share capital of Capital Nation Investments Limited (“Capital Nation”), conditionally upon completion of the acquisition of the entire equity interest in Union Petro-Chemicals (BVI) Company Limited (“UPC”) as set out in note 13. Capital Nation is principally engaged in the manufacture and sales of paper packaging products.

Interim Results

2. Segment information (continued)

The Group's turnover and contribution to the operating profits for the six months ended 30th September 2004 and 30th September 2003, analysed by business segments, were as follows:

	Turnover		Segment Results	
	Six months ended 30th September		Six months ended 30th September	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Continuing operations				
Trading of petroleum products	7,937	160,187	(17)	1,068
Discontinuing operations				
Manufacture and sales of paper packaging products	122,349	109,903	10,300	11,088
	130,286	270,090	10,283	12,156
Interest income			34	67
Unallocated corporate expenses			(3,276)	(2,674)
Profit from operations			7,041	9,549

3. Profit from operations

	Six months ended 30th September	
	2004 HK\$'000	2003 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Allowance for trade and other receivables	1,789	—
Depreciation and amortisation	7,028	7,312
Interest income	(34)	(67)

Interim Results

4. Taxation

The charge represents Hong Kong Profits Tax calculated at 17.5% (six months ended 30th September 2003: 17.5%) of the estimated assessable profit for the period.

5. Earnings per share

The calculation of earnings per share is based on unaudited profit attributable to shareholders of HK\$2,014,000 (six months ended 30th September 2003: HK\$4,097,000) and on 990,000,000 (six months ended 30th September 2003: 990,000,000) shares in issue during the period.

6. Movements in property, plant and equipment

During the period, the Group spent HK\$5,457,000 (six months ended 30th September 2003: HK\$1,488,000) on property, plant and equipment to expand its operations.

7. Trade and other receivables

The Group allows an average credit period of 30 to 90 days to its trade customers.

Included in trade and other receivables are trade receivables of approximately HK\$57,872,000 (31st March 2004: HK\$49,571,000).

The aged analysis of trade receivables is as follows:

	At 30th September 2004 HK\$'000	At 31st March 2004 HK\$'000
Less than 31 days	21,133	18,843
31–60 days	20,623	15,590
61–90 days	11,359	8,996
Over 90 days	4,757	6,142
Total	57,872	49,571

Interim Results

8. Amounts due from related companies

The amounts represent trading balances due from certain subsidiaries of Lee & Man Holding Limited (“L & M Holding”, L & M Holding and its subsidiaries are collectively referred to as the “L & M Holding Group”). L & M Holding is beneficially owned by Fortune Star Tradings Ltd. which is an associate (as defined in the Listing Rules) of Mr. Lee who is a director of a subsidiary of the Company. The amounts are aged less than 60 days.

9. Trade and other payables

Included in trade and other payables are trade payables of approximately HK\$10,874,000 (31st March 2004: HK\$10,724,000).

The aged analysis of trade payables is as follows:

	At 30th September 2004 HK\$'000	At 31st March 2004 HK\$'000
Less than 31 days	9,174	8,660
31–60 days	1,685	2,061
61–90 days	15	3
Total	10,874	10,724

10. Amount due to a related company

The amount represents trading balance due to Lee & Man Industries Company Limited (“L & M Industries”), a subsidiary of Lee & Man Paper Manufacturing Limited (“L & M Paper”). L & M Paper is beneficially owned by Gold Best Holdings Ltd. which is an associate (as defined in the Listing Rules) of Mr. Lee. The amount is aged less than 31 days.

Interim Results

11. Related party transactions

During the period, the Group entered into the following transactions with related parties:

	<i>Notes</i>	Six months ended 30th September	
		2004 HK\$'000	2003 HK\$'000
L & M Industries and its subsidiary			
Raw materials purchased	<i>a</i>	43,583	40,519
Waste paper by-products sold	<i>b</i>	3,778	3,226
Steam purchased	<i>c</i>	780	780
Licence fee received	<i>d</i>	431	352
L & M Holding Group			
Corrugated cardboard and carton boxes sold	<i>e</i>	3,925	3,742
Management fee paid	<i>f</i>	271	384
Mr. Lee			
Management fee paid	<i>g</i>	2,500	2,500
Guarantee given to banks in respect of credit facilities extended to the Group	<i>h</i>	33,000	53,000
Guangdong Petro-Chemicals Company Limited ("GDPC")			
Licence fee received	<i>i</i>	225	—

Notes:

- The prices are based on the monthly quote given by L & M Industries provided that the quote is not higher than the prevailing market price of test liner and corrugated medium paper at the time of such quotation.
- The prices are based on the monthly quote given by the Group provided that the quote is not higher than the prevailing market price of waste paper at the time of such quotation.
- The Group will pay a monthly fee of HK\$130,000 to L & M Industries for the supply of steam by L & M Industries.

Interim Results

11. Related party transactions (continued)

Notes: (continued)

- d. The licence fees were charged in accordance with the relevant licence agreements.
- e. The selling prices are negotiated on a case by case basis in the ordinary course of business by reference to the prevailing market conditions.
- f. The management fee was charged on a cost basis.
- g. Pursuant to a service agreement entered into between Capital Nation and Mr. Lee on 14th June 2002, Mr. Lee has agreed to manage the business of Capital Nation for a term of 10 years for a service fee of HK\$5 million per annum, which fee is payable in four equal quarterly instalments in advance.
- h. The guarantee was provided by Mr. Lee without charge.
- i. GDPC is beneficially owned by Mr. David An, a director of the Company. The licence fee was charged in accordance with the relevant licence agreement.

12. Contingent liabilities and commitments

	At 30th September 2004 HK\$'000	At 31st March 2004 HK\$'000
Guarantees given to a supplier in respect of credit facilities extended to a subsidiary	7,800	7,800
Capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment	662	—

13. Post balance sheet event

On 5th October 2004, the Company entered into a conditional sale and purchase agreement to acquire the entire equity interest in UPC, a company incorporated in the British Virgin Islands and its major subsidiary is engaged in the provision of storage and transshipment, and port development. The total consideration for this transaction is HK\$1,040,000,000.

Details are set out in an announcement of the Company dated 13th October 2004.

Auditors' Independent Review Report

Deloitte.
德勤

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TO THE BOARD OF DIRECTORS OF
WISDOM VENTURE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 2 to 11.

Respective responsibilities of directors and auditors

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards No. 700 “Engagements to Review Interim Financial Reports” issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th September 2004.

DELOITTE TOUCHE TOHMATSU
Certified Public Accountants

Hong Kong, 9th November 2004

Business Review and Prospects

Interim Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30th September 2004 (2003: nil).

Paper Packaging Business

The contribution from the paper packaging business was continuously under severe pressure, though it recorded a turnover of about HK\$122.3 million for the six months ended 30th September 2004 (six months ended 30th September 2003: HK\$109.9 million) which representing an increase of 11.3% as compared with the same period in last year. The operating profit recorded a decrease of 7.1% to HK\$10.3 million for the six months ended 30th September 2004 (six months ended 30th September 2003: HK\$11.1 million).

The sales volume of the paper packaging business was comparable to last year. However, in order to maintain such volume and market share, the selling price of the corrugated packaging products to the customers had not been able to increase to the level sufficient to offset the higher raw materials prices. Therefore, the intense competition within the paper packaging industry brought severe pressure on the gross profit margin and resulted in a decrease in the operating profit.

Given the fierce competition of the paper packaging business and the current stagnant market condition, it is expected that the profit contribution of this segment will continue to consolidate in the coming period.

Petroleum Products Business

For the six months ended 30th September 2004, the Group continued to be engaged in trading of fuel oil with customers in the PRC. The Group recorded a turnover of HK\$7.9 million for the six months ended 30th September 2004 (six months ended 30th September 2003: HK\$160.2 million) and an operating loss of HK\$17,000 for the same period (six months ended 30th September 2003: profit of HK\$1.1 million).

The sharp decrease in the turnover in trading of fuel oil is attributed to a highly volatile market, changing regulatory environment and increasingly fierce competition during the period under review. Despite these conditions, the Group will continue to be engaged in this business segment and seek to conduct business that will result in profitability for the Group.

Business Review and Prospects

Outlook

The Company plans to change its long-term business strategy to become a leading integrated service provider for oil and liquid petrochemical terminal and storage facilities in the PRC. As first steps in achieving this goal, the Company proposes to acquire all shares of Union Petro-Chemicals (BVI) Company Limited (“UPC”), which indirectly has 92% equity interest of Xiao Hu Island Terminal, an integrated service provider for oil and liquid petrochemical storage and transshipment located in Guangdong Province, the PRC, and exercise a put option to dispose of all of the Group’s interest in the paper packaging business. A financial adviser has been appointed to advise the Company in relation to these transactions. On 5th October 2004, the Company signed a conditional agreement for sale and purchase for this acquisition. Details of this acquisition and the exercise of the put option were included in the Company’s announcement dated 13th October 2004.

In addition, an independent board committee has been established and an independent financial adviser has been appointed by the Company to advise the independent board committee and the independent shareholders on these transactions. The proposed acquisition and the exercise of the put option of the Company are subject to independent shareholders’ approval at the extraordinary general meeting of the Company and a circular containing the details of these transactions will be dispatched in due course.

The Company believes that the acquisition of UPC and the disposal of the paper packaging business represent an attractive opportunity for the Company to venture into and focus on the terminal and storage business. In the long run, the Company strives to become a leading integrated service provider for oil and liquid petrochemical terminal and storage facilities in the PRC and intends to work vigorously towards this goal for the benefits of its shareholders.

Management Discussion and Analysis

Results of Operation

Turnover and profit attributable to shareholders for the six months ended 30th September 2004 were HK\$130.3 million and HK\$2.0 million respectively, compared to a turnover of HK\$270.1 million and a profit of HK\$4.1 million for the corresponding period in last year. The earnings per share for the period was 0.2 Hong Kong cents when compared with an earnings per share of 0.4 Hong Kong cents for the corresponding period in last year.

Capital Structure and Liquidity

At 30th September 2004, the Group had a net cash balance of HK\$75.3 million (31st March 2004: HK\$58.6 million) after deducting a bank overdraft of HK\$588,000 (31st March 2004: HK\$nil). Most of the funds were held in United States dollars, Hong Kong dollars and Renminbi. Meanwhile, the Group had a very low level of debt. At 30th September 2004, the Group had a current ratio of 8.0 (31st March 2004: 9.9) and a gearing ratio (non-current liabilities to shareholders' fund plus non-current liabilities) of zero (31st March 2004: zero).

The Group's unaudited consolidated net assets as at 30th September 2004 was increased to HK\$168.7 million (31st March 2004: HK\$163.2 million) after deducting minority interests of HK\$136.8 million (31st March 2004: HK\$128.6 million).

Funding Policy

Same as last year, the Group's transactions and the monetary assets are principally denominated in United States dollars, Hong Kong dollars and Renminbi. As a result, the directors believe that the Group has minimal exposure to foreign exchange risk. During the period, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 30th September 2004.

Charge on Group Assets

At 30th September 2004, the Group had a bank deposit of approximately HK\$7.8 million (31st March 2004: HK\$7.8 million) charged for general banking facilities.

Capital Commitments and Contingent Liabilities

At 30th September 2004, the Group had capital commitment of approximately HK\$662,000 in respect of the acquisition of property, plant and equipment and the Group had a contingent liability of approximately HK\$7.8 million in respect of a guarantee given to a supplier of a subsidiary for trade credit granted.

Employees and Remuneration Policy

The Group had a workforce of approximately 645 people. Salaries of employees are maintained at competitive level and are performance driven.

Other Information

Review of the Interim Report

The Group's interim report for the six months ended 30th September 2004 has not been audited but has been reviewed by the Audit Committee and auditors of the Company, Messrs. Deloitte Touche Tohmatsu.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30th September 2004, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the total issued share capital of the Company
Mr. David An	Held by controlled corporation (<i>Note</i>)	609,773,980	61.59%

Note: The 609,773,980 ordinary shares are owned by Extreme Wise Investments Limited, a company which is wholly-owned by Mr. David An. By virtue of the SFO, Mr. David An is taken to be interested in these 609,773,980 ordinary shares.

Save as disclosed above, as at 30th September 2004, none of the directors and chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Other Information

Substantial Shareholders' Interests and Short Positions in the Share Capital of the Company

As at 30th September 2004, shareholders (other than directors or chief executive of the Company) who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the total issued share capital of the Company
Extreme Wise Investments Limited	Beneficial owner	609,773,980	61.59%

Save as disclosed above, as at 30th September 2004, the Company has not been notified by any persons (other than directors or chief executive of the Company) who had interests or short positions 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, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

Pursuant to an ordinary resolution passed on 16th December 2002, the Company adopted a share option scheme for the purpose of enabling the Company to recruit and retain high-calibre employees and attract resources that are valuable to the Group and to provide the Company with a means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to such persons who contribute or may bring benefit to the Group. The scheme will remain in force for a period of 10 years from adoption of such scheme and will expire on 15th December 2012. Detailed terms of the scheme were disclosed in the Company's 2004 annual report. As at the date of this report, no option has been granted by the Company under the scheme.

Other Information

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 30th September 2004.

Audit Committee

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the unaudited interim results for the six months ended 30th September 2004.

Corporate Governance

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the period for the six months ended 30th September 2004, in compliance with the code of best practice (the "Code") as set out in Appendix 14 of the Listing Rules on the Stock Exchange except that non-executive directors of the Company were not appointed for a specific term as required by paragraph 7 of the Code but are subject to retirement by rotation in accordance with the Company's articles of association.

The Company has adopted the Model Code as a code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period for the six months ended 30th September 2004 and they all confirmed that they have fully complied with the required standard set out in the Model Code.

On behalf of the Board

David An

Chairman

Hong Kong, 9th November 2004