



Interim Report

2004



Century Legend (Holdings) Limited
世紀建業(集團)有限公司

SECTION A: CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tsang Chiu Mo Samuel

(Executive Chairman)

Ms. Chu Ming Tak Evans Tania

Mr. Tsang Chiu Ching

Independent Non-executive Directors

Mr. Yu Yun Kong

Mr. Cheung Ka Wai

Mr. Hui Yan Kit

AUDIT COMMITTEE

Mr. Yu Yun Kong *(Chairman)*

Mr. Cheung Ka Wai

Mr. Hui Yan Kit

COMPANY SECRETARY

Ms. Sze Tak On

LEGAL ADVISERS

Chiu, Szeto & Cheng Solicitors

Bosco Tso & Partners Solicitors

BANKERS

The Bank of East Asia Limited

DBS Bank (Hong Kong) Limited

Liu Chong Hing Bank Limited

AUDITORS

Grant Thornton

Certified Public Accountants

SHARE REGISTRARS

Principal Share Registrars

Butterfield Corporate Services Limited

Rosebank Centre,

14 Bermudiana Road, Pembroke

Bermuda

Hong Kong Branch Share Registrars and Transfer Office

Computershare Hong Kong Investor
Services Limited

17th Floor, Hopewell Centre,

183 Queen's Road East,

Hong Kong

REGISTERED OFFICE

Charendon House, Church Street,

Hamilton, HM 11,

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2708-11, 27th Floor,

West Tower, Shun Tak Centre,

168-200 Connaught Road Central,

Hong Kong

STOCK CODE

0079



SECTION B: INTERIM RESULTS

The board of directors (the “Board”) of Century Legend (Holdings) Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2004. The unaudited consolidated results has been reviewed by the Audit Committee of the Company.

I. Condensed Consolidated Income Statement

		For the six months ended 30 June	
		2004	2003
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Turnover	2	68,127	25,289
Cost of sales		(55,212)	(13,059)
Gross profit		12,915	12,230
Other revenues		3,879	981
Gain on disposal of a subsidiary		20	9,583
Administrative expenses		(19,040)	(19,666)
Other operating expenses		(2,216)	(1,551)
Operating (loss)/profit	3	(4,442)	1,577
Finance costs	4	(620)	–
Share of profit/(loss) of an associated company		7,128	(57)
Profit before taxation		2,066	1,520
Taxation	5	–	–
Profit before minority interests		2,066	1,520
Minority interests		2,179	411
Profit attributable to shareholders		4,245	1,931
Basic earnings per share	7	0.21 cents	0.09 cents

II. Condensed Consolidated Balance Sheet

	Notes	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
Non-current assets			
Goodwill		900	1,200
Fixed assets		2,031	3,611
Investment		35,049	11,681
Loan receivables	8	647	1,599
		<u>38,627</u>	<u>18,091</u>
Current assets			
Inventories		5,581	314
Trading securities		6,275	4,154
Trade and other receivables	9	15,175	30,350
Loan receivables, current portion	8	25,757	25,855
Bank balances and cash		44,073	43,584
		<u>96,861</u>	<u>104,257</u>
Current liabilities			
Trade payables	10	2,985	6,573
Other payables and accruals		14,689	41,069
Amount due to an associated company		–	7,120
Deferred income		2,191	945
		<u>19,865</u>	<u>55,707</u>
Net current assets		<u>76,996</u>	<u>48,550</u>
Total Assets Less Current Liabilities		115,623	66,641
Non-current Liabilities			
Convertible notes	11	45,000	–
		<u>70,623</u>	66,641
Minority interests		597	860
		<u>70,026</u>	<u>65,781</u>
Capital and reserves			
Share capital	12	20,650	20,650
Reserves		49,376	45,131
Shareholders' funds		<u>70,026</u>	<u>65,781</u>



III. Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2004 (Unaudited)

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2004	20,650	40,098	146,189	(141,156)	65,781
Profit for the period	-	-	-	4,245	4,245
At 30 June 2004	<u>20,650</u>	<u>40,098</u>	<u>146,189</u>	<u>(136,911)</u>	<u>70,026</u>

For the six months ended 30 June 2003 (Unaudited)

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2003	20,650	40,098	146,189	(135,727)	71,210
Profit for the period	-	-	-	1,931	1,931
At 30 June 2003	<u>20,650</u>	<u>40,098</u>	<u>146,189</u>	<u>(133,796)</u>	<u>73,141</u>

IV. Condensed Consolidated Cash Flow Statement

	For the six months ended 30 June	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Net cash outflow from operating activities	(20,611)	(148)
Net cash (outflow)/inflow from investing activities	(23,900)	6,951
Net cash inflow from financing activities	45,000	-
Increase in cash and cash equivalents	489	6,803
Cash and cash equivalents at 1 January	43,584	42,840
Cash and cash equivalents at 30 June	<u>44,073</u>	<u>49,643</u>
Analysis of balance of cash and cash equivalents:		
Bank balances and cash	<u>44,073</u>	<u>49,643</u>

V. Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants.

The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2003.

2. SEGMENT INFORMATION

The Group is principally engaged in travel and gaming related business, provision of health and beauty services and involved in money lending. An analysis of the Group’s revenues and results for the period by principal activities is as follows:

	For the six months ended 30 June 2004 (Unaudited)				
	Travel and Gaming related Business HK\$'000	Health and Beauty Services Business HK\$'000	Other – Money Lending HK\$'000	Other Operations HK\$'000	Group HK\$'000
Turnover	<u>55,392</u>	<u>10,093</u>	<u>1,770</u>	<u>872</u>	<u>68,127</u>
Segment results (profit/(loss))	<u>545</u>	<u>(3,763)</u>	<u>1,359</u>	<u>(811)</u>	<u>(2,670)</u>
Unallocated revenues					1,581
Unallocated costs					(3,993)
Gain on disposal of a subsidiary					20
Share of profit of an associated company					7,128
Minority interests					<u>2,179</u>
Profits attributable to shareholders					<u>4,245</u>



For the six months ended 30 June 2003 (Unaudited)

	Travel and Gaming related Business HK\$'000	Health and Beauty Services Business HK\$'000	Other – Money Lending HK\$'000	Other Operations HK\$'000	Group HK\$'000
Turnover	12,513	10,733	1,413	630	25,289
Segment results (profit)/(loss)	12	(2,119)	1,095	(575)	(1,587)
Unallocated revenues					757
Unallocated costs					(7,176)
Gain on disposal of a subsidiary					9,583
Share of loss of an associated company					(57)
Minority interests					411
Profit attributable to shareholders					1,931

No geographical analysis is presented as less than 10% of the consolidated turnover and less than 10% of the consolidated trading results of the Group were attributable to markets outside Hong Kong.

3. OPERATING LOSS

Operating loss is stated after crediting/charging the following:

	For the six months ended 30 June	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
After crediting		
Gain on disposal of a subsidiary	20	9,583
Unrealised gain on trading securities	696	–
After charging		
Depreciation	1,166	1,645
Amortization of goodwill	2,216	1,263
Staff costs (including Directors' remuneration)	5,860	5,930
Retirement benefit costs	311	375
Operating leases – land and buildings	2,949	4,115
Loss on disposal of fixed assets	–	1
Unrealised loss on trading securities	–	287

4. FINANCE COSTS

	For the six months ended 30 June	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on convertible notes (note 11)	<u>620</u>	<u>–</u>

5. TAXATION

Hong Kong profits tax has not been provided in the accounts as the Group has no estimated assessable profit for the six months ended 30 June 2004 (2003: Nil).

The Group has available tax losses as at 31 December 2003 for offset against future profits. No deferred tax assets have been provided in the accounts as the directors consider that it is uncertain that they will crystallize in the foreseeable future.

6. DIVIDENDS

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2004 (2003: Nil).

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit attributable to shareholders of HK\$4,245,000 (2003: profit of HK\$1,931,000) and the weighted average of 2,064,960,000 (2003: 2,064,960,000) shares in issue during the six-month period.

No diluted earnings per share is presented as there was no dilutive potential ordinary shares in issue during the period.



8. LOAN RECEIVABLES

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
Loan receivables – secured (note (a))	18,378	27,684
Loan receivables – unsecured	10,126	1,870
Gross loan receivables (note (b))	28,504	29,554
Provision	(2,100)	(2,100)
	26,404	27,454
Less: amount due within one year	(25,757)	(25,855)
Amount due after one year	647	1,599

Note:

- (a) The amount included a secured short term loan of HK\$15,000,000 (the "Loan") granted to an individual who is independent of the group. Out of the Loan, HK\$5,000,000 originally due for repayment in February 2002 and the remaining balance was repayable in July 2002. The repayment dates of the Loan were further extended to September 2003 according to a loan agreement dated 3 April 2003 while other terms of the Loan remained unchanged. In 2001, Century Legend Limited, the former ultimate holding company, issued a deed of guarantee in favour of the Group in respect of the Loan. Pursuant to the deed of guarantee, Century Legend Limited is responsible for repayment of the unrecoverable portion of the Loan should there be a shortfall in the realization of the securities in case of default.
- (b) The repayment terms of loan receivables are negotiated on an individual basis. The maturity profile of loan receivables is analysed as follows:

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
On demand	24,648	16,994
Three months or less	998	9,073
Below one year but over three months	2,198	1,858
One to three years	660	1,629
	28,504	29,554

9. TRADE AND OTHER RECEIVABLES

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
Trade receivables	4,223	7,023
Deposit for the acquisition of a subsidiary subsequent to year end date	–	20,000
Other receivables and deposit	10,952	3,327
	15,175	30,350

The majority of the Group's turnover is on cash basis. The remaining balances of turnover are on credit terms of thirty-sixty days. At 30 June 2004, the ageing of the trade receivables was as follows:

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
0-30 days	3,119	4,834
31-60 days	228	425
61-90 days	447	285
Over 90 days	429	1,479
	4,223	7,023

10. TRADE PAYABLES

The ageing of trade payables of the Group was less than two months.

11. CONVERTIBLE NOTES

On 15 January 2004, Hong Kong Macau Junket Investments Limited ("HKMJIL"), a wholly-owned subsidiary of the Company issued at par the convertible notes with principal amount of HK\$45 million with maturity date on 14 January 2007, which are interest-bearing at 3% per annum. The convertible notes can be converted into ordinary shares of the Company at a conversion price of HK\$0.3 per share (subject to adjustments from time to time in accordance with the provisions set out in the subscription agreement) during the period from 15 January 2005 to 14 January 2007. The total number of shares of the convertible notes will change with the change of conversion price of the convertible note from year to year.

On 2 September 2004, an agreement was entered into amongst a noteholder, HKMJIL and the Company on early redemption of a convertible note with principal amount of HK\$3 million. The redemption constitutes an amendment to the terms and conditions of the convertible note which HKMJIL had consented on the individual basis. All the terms and conditions of the convertible notes with the remaining noteholders remain unchanged.



12. SHARE CAPITAL

	No of shares (million)	Nominal Value HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2004 and 30 June 2004	<u>40,000</u>	<u>400,000</u>
Issued and fully paid:		
At 1 January 2004 and 30 June 2004	<u>2,065</u>	<u>20,650</u>

13. DISPOSAL OF A SUBSIDIARY

On 31 March 2004, the Company disposed the entire issued share capital of Century Legend International Limited to Conba Investments Limited, which is wholly and beneficially owned by a Director of the Company for a consideration of HK\$850,000.

The effect of the disposal is summarized as follows:

	HK\$
Net assets disposed of	830,455
Gain on disposal	<u>19,545</u>
Consideration	<u>850,000</u>
Satisfied by	
Cash	<u>850,000</u>
Net cash inflow	<u>850,000</u>

The revenue and operating loss of the subsidiary disposed of during the period up to the date of disposal amounted to HK\$nil and HK\$19,545 respectively.

14. OPERATING LEASE COMMITMENTS

At 30 June 2004, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings which expired as follows:

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
Not later than one year	<u>5,538</u>	2,642
Later than one year and not later than five years	<u>6,658</u>	<u>2,747</u>
	<u>12,196</u>	<u>5,389</u>

15. CAPITAL COMMITMENTS

At 30 June 2004, the Group had the following capital commitments in respect of renovation project:

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
Contracted but not provided for	1,140	–

16. SUBSEQUENT EVENT

On 14 September 2004, HKMJIL entered into an agreement with an independent third party (the "Vendor") to acquire from the Vendor a 43% equity interest in Prime Glory Treasure Limited a company holding 6.5% business interest in the capital investment of a gaming intermediary which is the sole agent of the casino operator on board the Omar III cruiser at a consideration of HK\$15 million. Completion took place on 15 September 2004.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation.



SECTION C: BUSINESS REVIEW AND PROSPECTS

I. Overall Performance

During the period under review (the “Period”), the Group’s turnover of approximately HK\$68.1 million, gross profit of approximately HK\$13.0 million and net profit of approximately HK\$4.2 million increased by approximately 170%, 6% and 120% respectively, as compared to the same period in 2003.

The dramatic increase in turnover was mainly derived from the Group’s success in the strategic move to strengthen the core business sector of travel and gaming related business whose turnover grew three fold. Net profit for the Period was solely attributable to the share of result of an associated company amounted to HK\$7.1 million. Without the profit contribution from the associated company, the Group would have incurred operating loss of HK\$4.4 million compared to HK\$8.0 million over the same period last year had the gain on disposal of subsidiary of HK\$9.6 million not been accounted for.

II. Travel and Gaming Related Business

The signing of the Closer Economic Partnership Arrangement (the “CEPA”) between Hong Kong and the Mainland China and the introduction of the Individual Visit Scheme from selected mainland cities has given Hong Kong and Macau a needed boost onto the road of economic recovery especially in the travel and retail sectors which the Group’s core business sector based in. These favourable factors contributed to the significant turnover growth of this business sector during the Period.

Turnover surged from HK\$12.5 million in 2003 to HK\$55.4 million for the six months ended 30 June 2004. Investments made at year end of 2003 in the gaming intermediaries in Macau reported positive contributions of HK\$610,000 after netting expenses and increase segment profits to HK\$545,000 as compared to HK\$12,000 for the corresponding period in 2003. Such encouraging results are certainly a heartening booster to the management. It is based on the optimism and confidence in the promising prospect of the gaming industry in Asia Pacific that the Group acquired in April 2004 a minority interest in gaming intermediaries in Philippines targeted to commence operations by the end of 2004. Just recently on 15 September 2004, the Group further acquired a 2.8% interest in the gaming intermediaries operating on board the Omar III cruiser. The Group believed that the acquisition is synergistic to its present business and brings in more value added services to its customers. To further diversify its business activities, Hong Kong Macau Travel Limited, the tour operator of the Group which previously engaged in principally Hong Kong Macau ferry route ticketing, hotel reservation and sale of customised holiday packages in Hong Kong and Macau, had been providing since beginning of the year consultation and management to gaming intermediaries on their public relation services. Even though profit contribution generated from this new business division is minimal by far, it is viewed as a stepping stone to enter into the gaming intermediaries cooperators sector which is another targeted investment area of the Group.



III. Health and Beauty Services Business

Health and Beauty Services division, the other core business segment of the Group operating a premium hair salon and spa under the brand name of “Headquarters” and “Spa D’or” respectively achieved aggregate turnover of HK\$10.1 million for the Period, compared to HK\$10.7 million for the corresponding period last year. Despite the similar income level between the two periods, the segment reported extra loss for the Period of HK\$1.6 million upon takeover of 100% equity interest in a loss making non-wholly owned subsidiary for company restructuring purpose.

Grand opening of the flagship store of Headquarters was held on 25 August 2004 as planned. The management team had put in tremendous effort and resources in the design and renovation of the new salon. It is envisaged that the flagship store now relocated to a more prominent and attention-grabbing area in the heart of the city with a more luxurious and spacious setting coupled with provision of quality customer services by reputable artistic hairstylists in town shall strengthen the brand of Headquarters and broaden its customer base.

Spa D’or on the other hand is still at the stage of brand building and stabilizing the income stream with the view to create a solid foundation for future expansion in the beauty industry.

IV. Other-Money Lending

Even though the Group had not been actively pursuing business in the money lending market segment, it reported interest income of approximately HK\$1.8 million and segment profit of HK\$1.4 million. The management will uphold a prudent lending policy and maintain the sector as the “internal fund manager” of the Group to the extent that surplus cash funds in the short term will be used in the money lending market to earn higher interest yield.



V. Prospects

The economic recovery in Hong Kong and Macau is largely driven by the supportive measures from the Central Government of Mainland China such as the CEPA, relaxation of restrictions of mainland individuals to travel to the two places and lifting of stringent currency control restrictions on mainland travellers to facilitate consumer spending while travelling abroad. On top of it, dealing in Renminbi (“RMB”) by local banks and introduction of RMB credit card business further stimulate growth in the tourism and retail industry with the influx of mainland travellers into the region nowadays. All these measures are expected to continue in the foreseeable future. The Group’s business segments are well positioned to take advantage of the economic upturns.

At this point in time, management intends to keep the Group as a small and medium enterprise (“SME”) with the advantage of flexible and simple management. As absolute focus in the core business is a key to success for SME, the Group in future will continue to strengthen its two core business (1) travel and gaming related business and (2) health and beauty services by undertaking timely expansion strategies as investment opportunities arised. The Group’s investment portfolio will be targeted for increase in share of the gaming intermediaries operating in Macau and other areas in the Asia Pacific as well as on board on gaming cruiser. To cope with our customers’ ever demanding travel tastes and the desire of seeking new experiences, more variety and value added services are expected from us. The Group also works towards participation and gaining a foothold in the gaming intermediaries cooperators sector which is seen as carrying development potential as Hong Kong and Macau eventually emerge as one of the world’s leading travel and gaming avenue. It is believed that the related investments will bring forth stable and satisfactory contributions in the long run.

For the health and beauty segment, continuous management effort will be spent to enhance the brand awareness and broaden the income base. Aggressive marketing strategies will be launched to attract a niche group of customers who are not only the stylish group in town but care about their total outlook image. Investment opportunities will be explored and evaluated against its quality as well as quantity contribution to the division’s income stream and profit margin. It shall be prepared as the platform when the division will gradually transform its business focus from “service-oriented” to “service-driven and product oriented” one day.

Looking ahead, the Group will continue to identify the investment opportunities to further enhance the competitiveness of the Company’s business development, and safeguard shareholders’ interests.

SECTION D: FINANCIAL REVIEW

I. Liquidity and Financial Resources

As at 30 June 2004, the Group has a cash and bank balance of HK\$44 million and net current assets of HK\$77 million. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 30 June 2004 was approximately 5 (2003: 2). The Group maintained a strong working capital position during the Period.

During the Period, the Group issued convertible notes amounted to HK\$45 million. On 2 September 2004 an early redemption of a convertible note with principal amount HK\$3 million constitutes an amendment to the terms and conditions of convertible note which HKMJIL had concented on the individual basis. All the terms and conditions of convertible notes with the remaining noteholders remain unchanged.

The gearing ratio (calculated as the total long term loan to the total shareholders' equity) of the Group as at 30 June 2004 was approximately 64% (2003: Nil).

The sales and purchase of the Group are mainly denominated in U.S. dollars or Hong Kong dollars with exchange rate relatively stable during the Period under review, The Directors consider that the Group's exposure to fluctuations in exchange rates was minimal.

During the Period under review, the Group had no assets pledged. Neither the Company nor the Group had any significant contingent liabilities as at 30 June 2004 (2003: Nil). The Group capital commitments as at 30 June 2004 was approximately HK\$1.1 million (2003: Nil).

II. Disposal of Subsidiaries

On 25 March 2004 the Company disposed Century Legend International Limited, a wholly owned subsidiary of the Company holding properties in Hong Kong to Conba Investments Limited which was wholly and beneficially owned by a Director of the Company with consideration of HK\$850,000 fully paid in cash on completion. The disposal was completed on 31 March 2004.

III. Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2004 for the Group incurred an operating loss for the Period.



SECTION E: EMPLOYEE AND REMUNERATION POLICY

For the Period ended, a total of 122 staff was employed with staff costs excluding directors' emoluments amounted to HK\$5.4 million.

The employee remuneration packages including provident fund and medical benefits currently offered are competitive to the market. Employee remuneration is reviewed and determined by management annually based on both employees' individual and Group's overall performance.

SECTION F: CORPORATE GOVERNANCE

I. Directors' and Chief Executives' Interests and Short Positions in the Shares, underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 June 2004, the interests and short positions of each of the Directors and Chief Executives 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 (i) were required to be 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 (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") were as follows:

Name of Director	Personal Interest	Corporate Interest	Family Interest	Other Interest	Total	Approximate % of total shareholding
Mr. Tsang Chiu Ching	960,000	1,078,383,900	-	-	1,079,343,900	52.3%
Mr. Tsang Chiu Mo Samuel	-	1,078,383,900	-	-	1,078,383,900	52.2%

Note: These shares are beneficially owned by Barsmark Investments Limited, the issued share capital of which is indirectly beneficially owned as to one-third by each of Mr. Tsang Chiu Mo Samuel, Mr. Tsang Chiu Ching and Ms. Tsang Chiu Yuen Sylvia. Ms. Tsang Chiu Yuen Sylvia is the sister of Mr. Tsang Chiu Mo Samuel and Mr. Tsang Chiu Ching.

Save as disclosed above, none of the Directors and Chief Executives (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or 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 they are taken or deemed to have under such provisions 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 contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

II. Substantial Shareholders' Interests and Short Position in the Shares, underlying Shares of the Company

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 December 2003, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

Name of shareholder	Nature	Number of shares held	Approximate percentage of total shareholding
Barsmark Investments Limited	Beneficial	1,078,383,900	52.2%
China Sky Investments Limited (Note)	Corporate	1,078,383,900	52.2%
Conba Investments Ltd. (Note)	Corporate	1,078,383,900	52.2%
Sky Shore Limited (Note)	Corporate	1,078,383,900	52.2%
Fortune Ocean Limited (Note)	Corporate	1,078,383,900	52.2%
Ms. Tsang Chiu Yuen Sylvia (Note)	Corporate	1,078,383,900	52.2%

Note: Barsmark Investments Limited is wholly and beneficially owned by China Sky Investments Limited, the issued share capital of which is beneficially owned as to one-third by each of (i) Conba Investments Limited (a company wholly and beneficially owned by Mr. Tsang Chiu Mo Samuel); (ii) Sky Shore Limited (a company wholly and beneficially owned by Ms. Tsang Chiu Yuen Sylvia); and (iii) Fortune Ocean Limited (a company wholly and beneficially owned by Mr. Tsang Chiu Ching).

Save as disclosed above, no other person other than the Directors or Chief Executives of the Company had interests or short positions in the Shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.



III. Purchase, Sales or Redemption of Listed Securities

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

IV. Compliance with the Code of Best Practice of the Listing rules

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2004, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, save that the Independent Non-Executive Directors were not appointed for a specific term but subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.

V. 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 condensed financial statements for the six months ended 30 June 2004 with the Directors.

By Order of the Board

CHU MING TAK EVANS TANIA

Executive Director

Hong Kong, 24 September 2004