

PURCHASE, SALE OR REDEMPTION OF SHARES

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.

LIQUIDITY AND FINANCIAL RESOURCES

The long term liabilities of the Group amounted to approximately 43% (31 December 2004: 46%) of its shareholders' funds as at 30 June 2005.

The Group's borrowings were mainly denominated in Hong Kong Dollars and United States Dollars. As at 30 June 2005, the Group's aggregate banking facilities amounted to HK\$637,825,000 (31 December 2004: HK\$558,333,000). The facilities were secured by certain land and buildings with an aggregate book value of HK\$553,119,000 (31 December 2004: HK\$543,587,000) and properties held for sale of HK\$49,867,000 (31 December 2004: HK\$29,568,000). The aggregate amount of banking facilities available but not yet utilized by the Group was HK\$59 million (31 December 2004: HK\$168 million) as at 30 June 2005. Collateralised borrowings were secured by bills receivable (Note 8).

CORPORATE GOVERNANCE

During the period, the Company set up Remuneration and Nomination Committees comprising a majority of independent non-executive directors. Independent non-executive directors are currently not employed under any service contracts, but are subject to retirement and re-election at annual general meetings of the Company. The Company is in the process of finalizing the terms of a proposed service contract with all its independent non-executive directors. With this exception, in the opinion of the directors, the Company has complied with the code provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

The Company adopts as its own code of conduct regarding directors' securities transactions the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") as set out in Appendix 10 of the Listing Rules. On specific enquiries made, all directors have confirmed that, in respect of the accounting period covered by the interim report, they have complied with the required standard contained in the Model Code regarding directors' securities transactions.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2005, the total number of employees of the Group was about 112 (2004: 111) with staff cost for the six months then ended amounting to approximately HK\$4,920,000 (2004: HK\$5,495,000). Remuneration packages are structured to take into account the comparable level of the market.

On behalf of the Board
John Ming Tak HO
Managing Director

Hong Kong, 2 September 2005