



MOBILE TELECOM NETWORK (HOLDINGS) LIMITED
流動電訊網絡(控股)有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8266)

FIRST QUARTER RESULT
FOR THE THREE MONTHS ENDED 30 JUNE 2005

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This announcement, for which the directors (the “Directors”) of Mobile Telecom Network (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:— (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* for identification purpose only

The board of Directors is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred as the “Group”) for the three months ended 30 June 2005, together with the unaudited comparative figures for the corresponding periods in 2004 as follows:

UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the three months ended 30 June 2005

	Note	For the three months ended 30 June	
		2005 HK\$'000	2004 HK\$'000
Turnover	2	3,855	5,463
Other revenue		45	74
Telecom operators costs		(2,065)	(3,855)
Employment costs		(1,438)	(1,450)
Research and development expenses		(253)	(291)
Depreciation of fixed assets		(43)	(120)
Other operating expenses		(1,004)	(1,025)
Loss from operations		(903)	(1,204)
Share of loss of an associate		(22)	—
Finance costs		(13)	(17)
Loss before taxation		(938)	(1,221)
Taxation	3	—	—
Loss after taxation		(938)	(1,221)
Minority interests		243	(26)
Loss attributable to shareholders		(695)	(1,247)
Loss per share — basic (HK cent)	4	0.15	0.28

Notes:

1. Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. Turnover

The Group is principally engaged in the development, provision and sale of mobile internet communication telecommunications and related services in Hong Kong and other Asian countries. Revenues recognised during the periods are as follows:

	Unaudited	
	For the three months	
	ended 30 June	
	2005	2004
	HK\$'000	HK\$'000
Subscription fees from provision of MobileSurf service	—	5
Service fees from provision of mobile data solutions and related services	<u>3,855</u>	<u>5,458</u>
	<u>3,855</u>	<u>5,463</u>

3. Taxation

No provision for Hong Kong profits tax has been made in the account, as the Group had no estimated assessable profits arising in or derived from Hong Kong during the three months ended 30 June 2005 (three months ended 30 June 2004: Nil).

No provision for overseas (the PRC, Singapore and the USA) income taxes has been made as the Group operating in these countries were operating at a loss during the three months ended 30 June 2005 and 30 June 2004.

No provision for deferred taxation has been made as the Group did not have any significant unprovided deferred tax in respect of the periods.

4. Loss per share

The calculation of the basic loss per share is based on the unaudited net loss attributable to shareholders for the three months ended 30 June 2005 of approximately HK\$695,000 (three months ended 30 June 2004: HK\$1,247,000) and on the weighted average number of approximately 451,002,403 shares in issue for the three months ended 30 June 2005 (three months ended 30 June 2004: 440,000,000 shares).

No diluted loss per share is presented as there was no dilutive potential ordinary share during the periods.

5. Movement of reserves

	Group					
	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Cumulative translation adjustments <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2005	35,303	16,375	2,943	544	(72,896)	(17,731)
Translation adjustments	—	—	—	12	—	12
Loss for the period	—	—	—	—	(695)	(695)
At 30 June 2005	35,303	16,375	2,943	556	(73,591)	(18,414)
At 1 April 2004	35,303	16,375	2,943	531	(68,916)	(13,764)
Translation adjustments	—	—	—	(9)	—	(9)
Loss for the period	—	—	—	—	(1,247)	(1,247)
At 30 June 2004	35,303	16,375	2,943	522	(70,163)	(15,020)

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2005 (three months ended 30 June 2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the three months ended 30 June 2005, the Group's turnover decreased to approximately HK\$3,855,000 from approximately HK\$5,463,000 for the correspondence period in 2004. Loss attributable to shareholders was narrowed to approximately HK\$695,000 from approximately HK\$1,247,000 for the correspondence period in 2004.

The service agreement with Optus, for provision of ringtone download was expired, and has not been renewed. This event has an adverse impact on the Group's turnover. Since the Group has now focused on more high margin services, this yielded a significant improvement on the net income and the resulting reduction of approximately 46% in loss per share was noted when compared to the corresponding period last year.

Business Review

The long waited transition of the mobile data business has started to happen in the past quarter. The value of the mobile data driven business, in which the Group operates, is seen as one of the key value drivers of the mobile business. More operators in the region are rolling out their 3G networks and the products that the company represents are playing a key strategic role in this development. On the other hand, the conventional 2G businesses such as ring-tones down loads are seeing considerable revenue declined.

On the second half of this year, the Group sees developments in the 3G segment heating up in others parts of the Asia Pacific region, e.g. Taiwan, Singapore, Malaysia and Australia as well as in New Zealand. It is expected that more operators will commercially launch their 3G services by the end of 2005.

The mobile entertainment segment has reached a point of richer and user-friendlier contents thus delivering real value for the subscribers. The Group has confirmed several strategic alliances with content providers in order to be able to fulfill the requirements in the markets where it operates. These partnerships include content providers, well known brands as well as mobile marketing partners.

The Group has its strategic focus in further developing its 3G service offering not only in Hong Kong but also other leading markets such as Taiwan, Singapore, Malaysia, Australia and New Zealand. The Group positions itself as the leader and the most innovative 3G service provider in the region. The 3G services are not limited into video on demand services, and the group is now deploying in video broadcasting, interactive video gaming services with operators. 3G subscribers are proven to be high-end customers, who have the highest Average Revenue Per User (ARPU) level and heavy users of the services provided by the Group.

By planning to be a leader in 3G services provisioning, the Group continues to strengthen its core business in 2.5G but reduces its dependence in 2G. During the first half of the year 2005, we strengthened our position in Singapore, Australia, Taiwan, Thailand and Hong Kong by launching several new services with our key accounts. These services included Comic Channel services in Singapore, own mobile entertainment portal in Australia and New Zealand, Sports Portal in Australia, Java Gaming platform integration and all WAP services in Taiwan. In Hong Kong, the group is now offering a full range 3G services with all 3G operators including Hutchison 3 Hong Kong, CSL HK, and SmarTone-Vodafone. Those services are including Entertainment, Lifestyle & Leisure, Dining, Movie, Cartoon, Comedy, Fortune Telling, and etc.. Beside 3G, the Group is also deploying video services with Peoples and CSL via EDGE (2.75G). The Group has very strong position especially in the Sport & Entertainment Services for mobile users across the region through key partnerships with the leading global news agencies.

Prospects

During the latter part of the year 2005, the Group will be launching various i-mode services in Singapore and Australia. The Group will also start providing the leading operators in Hong Kong, Singapore, Malaysia and Australia with the quality sport data services through various platforms, i.e. SMS, WAP, MMS, JAVA. These sport data services include the English Premier League as well as all the other major soccer leagues from Europe.

For Australia, Hong Kong, Singapore and Taiwan markets, the Group believes 3G will become the mainstream services in the near future and the Group will develop applications and create more services with the 3G operators to bring 3G technology to the business and the consumer markets. The Group brings to the telecom operators with a broad frontier of new businesses and entertainment services based on our extensive experience in mobile data services provisioning since 1999. The Group's newly developed services include video messaging with the subscribers easily downloading clips from films, music, sports and information services channels. In addition, the Group shall deploy more Interactive gaming services and video broadcasting services in order to enhance the user behaviors on the mobile phone. The Group has recently signed up with more content partners including established brands such as Getty Images and the world's leading gaming companies.

For the existing markets, Hong Kong, Australia, Singapore, Malaysia and Taiwan continues to be the Group's most important markets what it comes to the growth potential and existing business relationship.

The Group is also scaling its business to serve the various brands to mobilize their content and brands from more traditional media platforms. The Group has also won a major outsourcing deal in Australia, where Australian's leading operator is outsourcing the whole Java game operation to be handled by MTel's subsidiary company Mobilemode.

At present, the Group covers a total of almost 40 telecom operators and portals in 13 markets in the Asia Pacific region. This number is expected to increase steadily into the regions such as Korea, Indonesia, the Philippines and Thailand. The scale in terms of contents' quantity and quality remains the Group's strongest differentiation point from our main competitors in the region.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES (THE "SHARES"), DEBENTURES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2005, the interests and short positions of the Directors and chief executives of the Company in the Shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required 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 Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in Shares — interests in the Shares

Name of Directors	Capacity	Number of Shares held	Approximately percentage of issued share capital
Dr. Chan Chung	(Note)	176,169,861	38.5%
Mr. Chan Wai Kwong, Peter	Beneficial owner	4,064,036	0.9%
		<u>180,233,897</u>	<u>39.4%</u>

Note: By virtue of the SFO, Dr. Chan Chung is deemed to be interested in the 176,169,861 Shares held by Silicon Asia Limited (“Silicon”), a private company beneficially wholly owned by him.

Long positions in underlying Shares of equity derivatives — interest in option of the Company

Name of Directors	Capacity	Date of grant	Number of underlying Shares	Approximate percentage of issued share capital	Option period	Consideration for the grant of the option HK\$	Exercise price per Share HK\$
Dr. Chan Chung (Note)	Beneficial owner	27 March 2003	300,000	0.066%	9 May 2003 — 8 May 2013	1.00	0.103
Mr. Chan Wai Kwong, Peter (Note)	Beneficial owner	27 March 2003	100,000	0.022%	9 May 2003 — 8 May 2013	1.00	0.103
			<u>400,000</u>	<u>0.088%</u>			

Note: Share options to Dr. Chan Chung and Mr. Chan Wai Kwong, Peter were granted under the pre-IPO share option scheme which was approved by the shareholders of the Company on 27 March 2003 (the “Pre-IPO Share Option Scheme”). All of the above share options are physically settled equity derivatives.

Save as disclosed above, as at the date of this announcement, none of the Directors and chief executives of the Company has or was deemed to have any interests or short positions in any Shares, debentures or underlying Shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were 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 Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, DEBENTURES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2005, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executives of the Company, the persons who have, directly or indirectly, interests or had 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, were 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 meetings of any member of the Group were as follows:

Long positions in Shares — interest in the Shares

Name of shareholders	Capacity	Number of Shares held	Approximate percentage of the issued share capital
Silicon	Beneficial owner	176,169,861	38.5%
Dr. Chan Chung	(Note 1)	176,169,861	38.5%
Vodatel Information Limited	Beneficial owner	79,189,081	17.3%
Vodatel Networks Holdings Limited ("Vodatel")	(Note 2)	79,189,081	17.3%
Go Capital Limited	Beneficial owner	31,902,233	7.0%
Culturecom Holdings Limited ("Culturecom")	(Note 3)	31,902,233	7.0%
OUB.com Pte Ltd	Beneficial owner	27,295,584	6.0%
United Overseas Bank Limited ("UOB")	(Note 4)	27,295,584	6.0%
Lake Haven Limited	Beneficial owner	23,881,144	5.2%
Hutchison Whampoa Limited ("Hutchison Whampoa")	(Note 5)	23,881,144	5.2%
			74.0%

Notes:

1. Silicon, a company incorporated in the British Virgin Islands, is an investment holding company. Silicon is directly wholly owned by Dr. Chan Chung. Dr. Chan Chung is deemed, by virtue of the SFO, to be interested in the same 176,169,861 Shares held by Silicon.
2. Vodatel is deemed, by virtue of the SFO, to be interested in the 79,189,081 Shares held by Vodatel Information Limited as Vodatel Information Limited is a direct wholly-owned subsidiary of Vodatel Hong Kong Holdings Limited which is a direct wholly-owned subsidiary of Vodatel Holdings Limited, a direct wholly-owned subsidiary of Vodatel. Vodatel is a company incorporated in Bermuda whose shares are listed on GEM (Stock code 8033). Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of Vodatel or in accordance with whose directions or instructions Vodatel or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which Vodatel is interested under the SFO will be deemed to be interested in the 79,189,081

Shares which Vodatel is deemed to be interested in. The names and particulars of the shareholdings of such persons or corporations (if any) in Vodatel can be found in the information published by Vodatel from time to time and from the GEM website at *www.hkgem.com*. According to the latest quarter report of Vodatel, as at 31 March 2005, Mr. Jose Manuel dos Santos and ERL were both interested or deemed to be interested in more than one-third of the then issued share capital of Vodatel.

3. Culturecom is deemed, by virtue of SFO, to be interested in the 31,902,233 Shares held by Go Capital Limited as Go Capital Limited is a direct wholly-owned subsidiary of Culturecom Investments Limited which is a direct wholly-owned subsidiary of Culturecom Holdings (BVI) Limited, a direct wholly-owned subsidiary of Culturecom. Culturecom is a company incorporated in Bermuda whose shares are listed on the Main Board (Stock code 343). Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of Culturecom or in accordance with whose directions or instructions Culturecom or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which Culturecom is interested under the SFO will be deemed to be interested in the 31,902,233 Shares which Culturecom is deemed to be interested in. The names and particulars of the shareholdings of such persons or corporations (if any) in Culturecom can be found in the information published by Culturecom from time to time and from the website of the Stock Exchange at *www.hkex.com.hk*. According to the latest interim report of Culturecom, as at 30 September 2004, no person was interested or deemed to be interested in more than one-third of the then issued share capital of Culturecom.
4. UOB is deemed, by virtue of the SFO, to be interested in the 27,295,584 Shares to be held by OUB.com Pte Ltd as OUB.com Pte Ltd is a direct wholly-owned subsidiary of UOB. UOB is a company incorporated in Singapore, the shares of which are listed on Singapore Stock Exchange Securities Trading Limited. Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of UOB or in accordance with whose directions or instructions UOB or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which UOB is interested under the SFO will be deemed to be interested in the 27,295,584 Shares which UOB will be deemed to be interested in. The names and particulars of the shareholdings of such persons or corporations (if any) in UOB can be found in the information published by UOB from time to time and from the website of Singapore Stock Exchange Securities Trading Limited at *www.sgx.com*. According to the latest annual report of UOB, as at 31 December 2004, no person was interested or deemed to be interested in more than one-third of the then issued share capital of UOB.
5. Hutchison Whampoa is deemed, by virtue of the SFO, to be interested in the 23,881,144 Shares to be held by Lake Haven Limited as Lake Haven Limited is an indirect wholly-owned subsidiary of Hutchison Whampoa. Hutchison Whampoa is a company incorporated in Hong Kong whose shares are listed on the Main Board (Stock code 13). Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of Hutchison Whampoa or in accordance with whose directions or instructions Hutchison Whampoa or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which Hutchison Whampoa is interested under the SFO will be deemed to be interested in the 23,881,144 Shares which Hutchison Whampoa will be deemed to be interested in. The names and particulars of the shareholdings of such persons or corporations (if any) in Hutchison Whampoa can be found in the information published by Hutchison Whampoa from time to time and from the website of the Stock Exchange at *www.hkex.com.hk*.

Long positions in underlying Shares of equity derivatives — interests in convertible notes of the Company (Note 1)

Name of shareholders	Capacity	Amount of convertible notes of the Company issued	Number of underlying Shares (Note 4)	Approximate percentage of issued share capital
Vodatel Information Limited	Beneficial owner	HK\$2,000,000	25,641,026	5.6%
Vodatel	(Note 2)	HK\$2,000,000	25,641,026	5.6%
Go Capital Limited	Beneficial owner	HK\$1,800,000	23,076,923	5.0%
Culturecom	(Note 3)	HK\$1,800,000	23,076,923	5.0%
				10.6%

Notes:

- These convertible notes were issued pursuant to the subscription agreement dated 28 March 2002 entered into between the Company and Universal Line Venture Limited, Vodatel Information Limited, Go Capital Limited and OUB.com Pte Ltd as amended by a supplemental agreement dated 27 January 2003. Convertible notes of the Company amounted to HK\$1,600,000 originally issued to Universal Line Venture Limited were disposed of to Vodatel Information Limited on 14 April 2004. On 9 May 2005, 15,384,615 ordinary shares were issued to Vodatel Information Limited as a result of conversion of HK\$1,200,000 convertible notes at HK\$0.078 each.
- Vodatel is deemed, by virtue of the SFO, to be interested in the convertible notes held by Vodatel Information Limited as Vodatel Information Limited is a direct wholly-owned subsidiary of Vodatel Hong Kong Holdings Limited which is a direct wholly-owned subsidiary of Vodatel Holdings Limited, a direct wholly-owned subsidiary of Vodatel. Vodatel is a company incorporated in Bermuda whose shares are listed on GEM (Stock code 8033). Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of Vodatel or in accordance with whose directions or instructions Vodatel or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which Vodatel is interested under the SFO will be deemed to be interested in the convertible notes which Vodatel is deemed to be interested in. The names and particulars of the shareholdings of such persons or corporations (if any) in Vodatel can be found in the information published by Vodatel from time to time and from the GEM website at www.hkgem.com. According to the latest quarter report of Vodatel, as at 31 March 2005, Mr. Jose Manuel dos Santos and ERL were both interested or deemed to be interested in more than one-third of the then issued share capital of Vodatel.
- Culturecom is deemed, by virtue of the SFO, to be interested in the convertible notes held by Go Capital Limited as Go Capital Limited is a direct wholly-owned subsidiary of Culturecom Investments Limited which is a direct wholly-owned subsidiary of Culturecom Holdings (BVI) Limited, a direct wholly-owned subsidiary of Culturecom. Culturecom is a company incorporated in Bermuda whose shares are listed on the Main Board (Stock code 343). Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of Culturecom or in accordance with

whose directions or instructions Culturecom or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which Culturecom is interested under the SFO will be deemed to be interested in the convertible notes which Culturecom is deemed to be interested in. The names and particulars of the shareholdings of such persons of corporations (if any) in Culturecom can be found in the information published by Culturecom from time to time and from the website of the Stock Exchange at *www.hkex.com.hk*. According to the latest interim report of Culturecom, as at 30 September 2004, no person was interested or deemed to be interested in more than one-third of the then issued share capital of Culturecom.

4. This assumes full conversion of the convertible notes at HK\$0.078 per Share based on the total number of 457,426,748 Shares in issue as at the date of this announcement. The conversion price of the convertible notes may change from time to time.

SHARE OPTIONS RULES

The Company adopted a share option scheme (the “Share Option Scheme”) and the pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) on 27 March 2003. Details of the share options are set out below.

Pursuant to the Pre-IPO Share Option Scheme, certain Directors and participants have been granted options to subscribe for shares. Details of the share options granted under the Pre-IPO Share Option Scheme outstanding as at 30 June 2005 are set out as below:

Name	Date of grant	Outstanding as at 1 April 2005	Number of share options			Outstanding as at 30 June 2005	Approximate percentage of issued share capital	Option period	Consideration for the grant of the option HK\$	Exercise price per Share HK\$
			Granted during the period under review	Exercised during the period under review	Lapsed during the period under review					
<i>Executive Directors</i>										
Dr. Chan Chung	27 March 2003	300,000	—	—	—	300,000	0.066%	9 May 2003 — 8 May 2013	1.00	0.103
Mr. Chan Wai Kwong, Peter	27 March 2003	100,000	—	—	—	100,000	0.022%	9 May 2003 — 8 May 2013	1.00	0.103
<i>Other Participants</i>										
Employees in aggregate (Note)	27 March 2003	1,830,000	—	—	—	1,830,000	0.400%	9 May 2003 — 8 May 2013	1.00	0.103
<i>Business Consultant</i>										
Mr. Young Antony, Michael	27 March 2003	300,000	—	—	—	300,000	0.066%	9 May 2003 — 8 May 2013	1.00	0.114
		<u>2,530,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,530,000</u>	<u>0.554%</u>			

Note: Employees working under employment contracts that were regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

Save as disclosed above, no options pursuant to the Pre-IPO Share Option Scheme have been exercised and cancelled during the period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed shares since the date of listing.

SPONSOR’S INTEREST

As at 30 June 2005, neither Kingston nor its directors, employees or its respective associates had any interest in the share capital of the Company or its subsidiaries, including options or rights to subscribe for such Shares, pursuant to Rules 6.36 and 18.63 of the GEM Listing Rules.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

During the period under review, none of the Directors or the management shareholders or substantial shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

BOARD PRACTICES AND PROCEDURES

Throughout the period under review, the Company was in compliance with the board practices and procedures as set out in Rules 5.35 to 5.45 of the GEM Listing Rules.

AUDIT COMMITTEE

As required by Rules 5.28 to 5.33 of the GEM Listing Rules, the Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. Its principal duties are to review and supervise the Group’s financial reporting process and internal control systems. The Group’s unaudited results for the three months ended 30 June 2005 have been reviewed by the audit committee of the Company, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

As at the date of this announcement, the Board comprises of executive directors namely Dr. Chan Chung (Chairman) and Mr. Chan Wai Kwong, Peter; non-executive directors namely Mr. Goh Yu Min; and independent non-executive directors namely Mr. Jeffery Matthew Bistrong, Mr. Charles George St. John Reed and Mr. Ko Tak Fai, Desmond.

By Order of the Board
Chan Chung
Chairman

Hong Kong, 12 August 2005

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.