



EVI Education Asia Limited

(Incorporated in the Cayman Islands with limited liability)



QUARTERLY REPORT 2004/2005

(For the first quarter ended 31st December, 2004)

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (The “Stock Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This report, for which the directors of EVI Education Asia Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to EVI Education Asia Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board"), I am pleased to present the unaudited consolidated results of EVI Education Asia Limited (the "Company") and its subsidiaries (together, the "Group") for three months ended 31st December, 2004 (the "Period") together with the comparative figures for the corresponding period in 2003 in bracket.

Financial Performance

Hong Kong is one of the cities with lowest birth rate in recent years. This phenomenon has placed marketing constraints towards the growth and expansion of Group's services within the Education sector. Despite of such challenges, EVI has achieved continuous improvement on its overall financial position because of incremental project revenue and effective cost control on operations. In essence, during the low economic period, the Group would continue to apply all necessary cost saving policies in order to retain its financial resources and to maximise its staying power for shareholders' benefits.

The Group's unaudited consolidated turnover for the Period slightly decreased to approximately HK\$4,705,000 over the corresponding Period last year (2003: HK\$5,122,000). Net loss attributable to shareholders for the Period was approximately HK\$446,000 (2003: HK\$860,000), representing a decrease by about 48%.

Comparing segment financial performance to last Period, Group revenue from the internet media for the Period remain stable at approximately HK\$2,270,000, representing 48% of total turnover. The recurrent subscription fees from the EVI On-line System from Hong Kong kindergartens remain the core revenue whilst other online revenue also reflected satisfactory growth in particular the Group's portal, I-Cube, into the Primary school market. Off-line revenue was stable and amounted to approximately HK\$2,435,000, among which approximately 30% of the total turnover was attributable to the sales and installation of computer hardware and software and 13% of the total turnover was attributable to the provision of computer training courses and 9% of the total turnover was attributable to website development and other commercial projects.

The Group maintained its healthy financial position with approximately HK\$18.7 million cash on hand with no outstanding debt as at 31st December, 2004. The Directors remained their positive perception towards the Group's future financial position due to stable recurring subscription income together with more diversified services and the new People's Republic of China (the "PRC") business opportunities.

BUSINESS OVERVIEW AND MAJOR ACHIEVEMENTS

Customer base and Revenue

Being a prominent internet education provider in Hong Kong, the Group offers various On-line, off-line services, programs and products to kindergartens, primary schools and different individual user groups. From time to time, the EVI portals gain favorable response from its users. The EVI On-line System now comprises of the Kindergartens Zone (www.evigroup.com), Parents, Kids and Members Zones (www.evi.com.hk), the I-Cube (www.icubeworld.com) and the Silicon (www.drpcfamilly.com). Despite the low tide of the education market; the Group was still capable to solicit new business for its On-line System and continue to receiving subscription fees from the EVI On-line System. EVI now has built a user base of over 50,000 users comprising of students, parents and teachers from over 200 kindergartens and 500 primary schools respectively.

Parallel with the provision of core on-line education services, the Group also capitalized on its school network and utilizing its web site development know-how with different commercial partners and the Education and Manpower Bureau (“EMB”) in order to bring in additional revenue. The Group organised the function “Frisocare Multi-intelligent Fun Fun Day” at Tseung Kwan O East Point City on 12th December, 2004, which was well received by our parent members and also displayed how EVI could build up the “added value” for our commercial clients.

Regarding the business development for the PRC market, both the Chinese Foreign Co-operative Joint Venture Company (“JV”) and the Group’s wholly foreign owned enterprise in Guangzhou have made remarkable progress on marketing and production works (www.evimdv.com). The EVI simplified Chinese version (www.haoertong.com) has obtained official endorsement from the “Central Electronic Education Bureau (“CEEB”) under the Ministry of Education of the PRC” at Beijing on 28th July, 2004. It was the first pre-school electronic platform being recognized for its advance design on “Home & Kindergarten” linkage with numerous resources available to different user groups. A new study on “Home & Kindergarten learning network platform – its application and research” was then proposed and being approved by CEEB under its 15th Topic Educational Technical Research program. The Group is now refining its promotion strategy from both the application and research prospective with the Guangdong Province as its centre for business development. The Group is now powering the JV with critical e-educational training and supporting techniques and believed such development will soon transform into revenue contribution by building up renowned model kindergartens and then replicated into other regions through JV partner’s massive connection and expert knowledge of the PRC market. Nevertheless both the Group and JV will continue to seek other forms of cooperation with various PRC educational related organizations and associations in different regions.

Marketing

During the Period, series of brand building and marketing campaigns were launched in order to promote the Group's image. Various activities namely "EVI Child Care Natural Tour" and "EVI Happy Halloween Casting Competition 2004" were held during the Period and attracted over 200 participants from different kindergartens. The Group considered all these would reinforce EVI's brand of quality and help to strengthen parent members' loyalties. As a good corporate citizen toward the community in large, the Group keep supporting social and charity events such as the "Medicins Sans Frontieres Orienteering Competition 2005" and "Po Leung Kuk Bowling Competition for Charity".

For the primary sector, I-Cube has kept organizing its third "I-Cube Inter-school Intelligent Competition" preliminary contest and the final competition will be held in coming April 2005. I-Cube has also hosted the event "I-Cube Mock Exam sharing seminar" through its "I-Cube Multi-intelligent Mock Exam Questions Database" in December 2004. All these events witnessed the Group's high service quality and standard towards the sector. I-Cube has successfully blended the fun element into learning process where more and more schools and parents recognizing it as one of the hottest sites among the primary students.

For the PRC market, the JV has organized grand opening of the "Home & Kindergarten learning network platform – its application and research" under CEEB's 15th Topic Educational Technical Research program. The event was held at the Guangzhou Military Region Air Force Institutional Kindergarten with honorable government speakers from Beijing & provincial level CEEB. The research will last for two and half years and be led by Professor Gao Lan of the South China Normal University. There were over 200 kindergarten practitioners from nationwide attending the event and the JV will ride on such success in order to start its mass marketing efforts.

Development and Launch of new products, contents and features

The Group considers the most effective way to generate additional revenue or to increase loyalty; adhesiveness from its existing customers is to provide more value-added services through the EVI On-line System.

System infrastructure and technology deployment

As for the technology development, the Group keeps on researching and providing more user-friendly features for the EVI On-line System in order to enhance its value. The Group has renewed its sole-distributor agreement with iKonnet on "HiShare", "HiClass" and introducing the new "HiShow" software to the local market. The Group believed these products together with the MMLC and Light Emitting Diode (LED) display will continue to bring in steady revenue and contributions.

Outlook

Despite the negative implication of low birth rate, the Group believes parents nowadays are more willing to invest in children education, products and services. More parental focus and resources are directed towards multiple skills and intelligence development beyond the regular class activities. It is expected that school transparency or effective communication would be one of the key factors for parental consideration. Hence, the Group believed that its portals or programs are effective and ideal channels to deliver such services and to reinforce linkage, relationship between schools, families and students in their learning cycles. With the rapidness of home or broadband internet installation, the directors remained their positive perception towards the e-educational service industry.

The Group constantly reviews and improves its products and services in order to sustain growth and remain competitive on the market. Besides the portal, I-Cube has established “I-Cube Kid’s Digital Learning Playground” at Causeway Bay in order to provide comfort facilities for members’ gathering or leisure activities.

Geographically, the Group recognizes the PRC market as its source of future growth and return. The fast economic growth and “one-child” policy certainly foster huge business potential for quality child products, education and related services. The Directors believe that the deployment of information technology as a new medium of delivering educational and learning contents within PRC presents tremendous commercial opportunities.

In the light of steady recovery on Hong Kong’s overall economic condition and the Group’s long term planning and growth, the Group and Midland Realty (Holdings) Limited have entered into a conditional subscription agreement on 25th January, 2005 and Midland agreed to subscribe for 4,300,000,000 new EVI Shares at the subscription price of HK\$0.025 per EVI Shares. Detail information has been separately disclosed in the announcement dated 26th January, 2005.

APPRECIATION

Finally, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers and partners for their continuous support, to the management and staff for their hard work, support and dedication throughout the Period.

By Order of the Board
EVI Education Asia Limited
Pong Wai San, Wilson
Chairman

Hong Kong, 1st February, 2005

UNAUDITED CONSOLIDATED PROFIT AND LOSS RESULTS

For three months ended 31st December, 2004

		(Unaudited)	
		For the Three Months	
		Ended 31st December	
		2004	2003
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	(2)	4,705	5,122
Cost of merchandise		(1,009)	(956)
Cost of internet connectivity fee		(40)	(97)
Staff costs		(2,520)	(2,394)
Depreciation		(162)	(442)
Amortisation of intangible assets		(400)	(731)
General and administrative expenses		(1,258)	(1,303)
Operating loss		(684)	(801)
Interest income		61	34
Loss before taxation		(623)	(767)
Taxation	(3)	(17)	(46)
Loss after taxation		(640)	(813)
Minority interests		194	(47)
Loss attributable to shareholders		(446)	(860)
Loss per share – Basic	(4)	HK(0.01) cent	HK(0.02) cent

NOTES

(1) Basis of preparation

The accounts have been prepared in accordance with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange (“the GEM Listing Rules”). They have been prepared under the historical cost convention.

(2) Turnover and Revenue

The Group is principally engaged in provision of internet education services, sales and installation of computer hardware and software and provision of computer training services. Revenues recognised during the Period are as follows:

	(Unaudited)	
	For the Three Months	
	Ended 31st December	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Internet education fee	2,270	2,556
Sales and installation of computer hardware and software	1,420	1,605
Computer training fee	610	615
Others	405	346
	<u>4,705</u>	<u>5,122</u>
Interest income	61	34
Total Revenue	<u>4,766</u>	<u>5,156</u>

(3) Taxation

The Company is incorporated in the Cayman Islands and is exempt from the taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempt from payment of British Virgin Islands income taxes.

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong.

(4) Loss per Share

The calculation of basic loss per share for the Period, is based on the unaudited consolidated loss attributable to shareholders of approximately HK\$446,000 (2003: HK\$860,000) and 4,000,000,000 shares (2003: 4,000,000,000 shares) in issue throughout the Period.

Diluted loss per share is not presented for the Period because the effect is anti-dilutive.

(5) Movement of reserves

	Share premium	Capital reserve	Exchange difference	Accumulated losses	Total
	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>
At 1st October, 2003	22,372	14,918	0	(54,296)	(17,006)
Loss attributable to shareholders	0	0	0	(860)	(860)
	<u>22,372</u>	<u>14,918</u>	<u>0</u>	<u>(55,156)</u>	<u>(17,866)</u>
At 31st December, 2003	22,372	14,918	0	(55,156)	(17,866)
At 1st October, 2004	22,372	14,918	72	(58,501)	(21,139)
Loss attributable to shareholders	0	0	0	(446)	(446)
Exchange difference	0	0	(11)	0	(11)
	<u>22,372</u>	<u>14,918</u>	<u>61</u>	<u>(58,947)</u>	<u>(21,596)</u>
At 31st December, 2004	22,372	14,918	61	(58,947)	(21,596)

(6) Interim Dividend

The Board does not recommend the payment of interim dividend for the Period ended 31st December, 2004. The Group has not declared any dividends for the corresponding Period.

DIRECTORS' INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December, 2004, the interests and short positions of the Directors in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such positions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules relating to securities transactions by Directors were as follows:

Long Position in Shares of the Company:

Name of director	Number of Shares of the Company				Percentage of Shares outstanding
	Personal interests	Family interests	Corporate interests	Total	
Mr. Pong Wai San, Wilson ("Mr Pong") (Note 1)	153,610,000	–	2,609,200,000	2,762,810,000	69.07%
Mr. Cheung Shi Kwan, Wings	4,000,000	–	–	4,000,000	0.10%
Madam Pong Lo Shuk Yin, Dorothy (Note 2)	–	2,762,810,000	–	2,762,810,000	69.07%

Notes:

- As at 31st December, 2004, 2,609,200,000 Shares are registered in the name of and beneficially owned by Summerview Enterprises Limited and 153,610,000 Shares are registered in the name of Mr. Pong. The entire issued share capital of Summerview Enterprises Limited was registered in the name of and beneficially owned by Mr. Pong. The interest of Mr. Pong in the issued shares of the Company was, accordingly corporate interest in the Company as described in Rule 18.16(1) of the GEM Listing Rules.
- Mr. Pong is the son of Madam Pong Lo Shuk Yin, Dorothy, who is deemed to be interested in 2,609,200,000 Shares beneficially owned by Summerview Enterprises Limited and 153,610,000 Shares beneficially owned by Mr. Pong respectively.

Short Position in Shares of the Company:

None as recorded.

Save as disclosed in this paragraph, as at 31st December, 2004, none of the Directors nor chief executive of the Company had or deemed to have any interests or short positions in the shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such positions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules relating to securities transactions by Directors.

DIRECTORS RIGHTS TO ACQUIRE SHARES OR DEBENTURES

(a) Pre-IPO Share Option Scheme

Pursuant to the Pre-IPO Share Option Scheme adopted by the Company on 28th February, 2001 (the “Pre-IPO Share Option Scheme”), options were granted on the same day to certain executive directors and staff of the Group to subscribe for an aggregate of 210,000,000 shares (as adjusted by the Share Subdivision as at 31st October, 2001) (the “Shares”) at a price of HK\$0.076 per share (as adjusted) exercisable in the period from 16th March, 2002 to 15th March, 2005.

The following are details of the Pre-IPO Share Options granted to directors of the Company:

Name	Subscription price per share	No. of underlying Shares Comprised in the options
Mr. Pong	\$0.076	100,000,000
Pong Lo Shuk Yin, Dorothy	\$0.076	81,000,000
Cheung Shi Kwan, Wings	\$0.076	25,000,000
Lau Wai Shu	\$0.076	4,000,000
		<hr/>
		210,000,000

All of these options may be exercised within three years after the expiry of twelve months from the date of listing of the shares of the Company on GEM on 15th March, 2001 provided that the maximum number of shares the grantees are entitled to subscribe for by exercising the options shall not exceed:

- (a) 30% of the total number of option during the first year of such three-year period;
- (b) 60% of the total number of option during the second year of such three-year period; and
- (c) the remaining unexercised option during the third year of such three-year period.

(b) Post-IPO Share Option Scheme

Pursuant to the share option scheme adopted by the Group on 28th February, 2001 (the “Post-IPO Share Option Scheme”), option was granted on 31st October, 2001 to Mr. Lau Wai Shu, who was subsequently appointed as an executive director of the Company on 1st November, 2001, to subscribe for 2,500,000 Shares of the Company at a price of HK\$0.208 per share (as adjusted) exercisable during the period from 1st November, 2002 to 31st October, 2005.

Such options may be exercised within three years after the expiry of 12 months from the date of grant of the options, provided that the maximum number of shares the grantees are entitled to subscribe for by exercising the options shall not exceed:

- (a) 30% of the total number of option during the first year of such three-year period;
- (b) 60% of the total number of option during the second year of such three-year period; and

(c) the remaining unexercised option during the third year of such three-year period.

None of the above options has been exercised during the Period.

Save as disclosed above, at no time during the Period was the Company, its subsidiaries or holding company a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OUTSTANDING SHARE OPTIONS

As at 31st December, 2004, options to subscribe for an aggregate of 220,000,000 Shares has been granted pursuant to the Pre-IPO Share Option Scheme and option to subscribe for an aggregate of 12,000,000 Shares has been granted pursuant to the Post-IPO Share Option Scheme were outstanding. All of these options are subject to the same conditions on the timing of exercise as detailed in the section headed "Directors' Rights to Acquire Shares or Debentures" above.

(a) Pre-IPO Share Option Scheme

Pursuant to a written resolution of all the shareholders of the Company passed on 28th February, 2001, options to subscribe for an aggregate of 255,000,000 Shares at an exercise price of HK\$0.076 (as adjusted) have been conditionally granted by the Company to certain directors and employees of the Company. All of these options may be exercised in the period from 16th March, 2002 to 15th March, 2005.

As at 31st December, 2004, options to subscribe for an aggregate of 220,000,000 Shares granted on 28th February, 2001 at an exercise price of HK\$0.076 per shares were outstanding and these options relate to the options granted to four directors, one consultant and two employees at the date of grant, details of which as at 31st December, 2004 are as follows:—

	Number of share options
As at 1st October, 2004	220,000,000
Less: share options lapsed during the period	—
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As at 31st December, 2004	<u>220,000,000</u>

(b) Post-IPO Share Option Scheme

Pursuant to a written resolution of all the shareholders of the Company passed on 31st October, 2001, options granted for an aggregate of 25,000,000 Shares at an exercise price equal to HK\$0.208 (as adjusted) have been conditionally granted by the Company to fifteen full time employees of the Group (including options to subscribe for 2,500,000 Shares were granted to Mr. Lau Wai Shu who was appointed as director on 1st November, 2001 subsequently). All of these options may be exercised in the period from 1st November 2002 to 31st October, 2005.

As at 31st December, 2004, options to subscribe for an aggregate of 12,000,000 Shares granted on 31st October, 2001 at an exercise price of HK\$0.208 per Share were outstanding and these options relate to the options granted to one director and four employees at the date of grant, details of which as at 31st December, 2004 are as follows:

	Number of share options
As at 1st October, 2004	14,000,000
<i>Less:</i> share options lapsed during the period	<u>(2,000,000)</u>
As at 31st December, 2004	<u>12,000,000</u>

In view of small historical trading volume and fluctuation of the trading price of the Company's Shares, the directors are also noted that the value of the theoretical value of the share options granted during the Period depends on a number of variables which are difficult to ascertain. Accordingly, the directors believed that any calculation of the value of options will not be meaningful and may be misleading to shareholders in the circumstances. A summary of the major terms of each share option scheme including details of all options granted hereunder are set out at pages 19-21 of the Annual Report 2004 of the Company.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at 31st December, 2004, the following persons or companies (not being a Director or chief executive of the Company) had, or deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long Position in Shares of the Company:

Name	Number of issued shares	Capacity in which shares are held	Percentage holding
Summerview Enterprises Limited	2,609,200,000 (<i>Note 1</i>)	Beneficial Owner	65.23%

Notes:

- As at 31st December, 2004, 2,609,200,000 Shares are registered in the name of and beneficially owned by Summerview Enterprises Limited. The entire issued share capital of Summerview Enterprises Limited was registered in the name of and beneficially owned by Mr. Pong.

Short Position in Shares of the Company:

None as recorded.

Save as disclosed herein, as at 31st December, 2004, the Directors were not ware of any other persons or companies (not being a Director or chief executive of the Company) had, or deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

COMPETING INTERESTS

The Directors believe that none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business, which cause or may cause significant competition with the business of the Group.

BOARD PRACTICES AND PROCEDURES

Throughout the Period, the Company was in compliance with the Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee and has formulated its written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The members of the Audit Committee up to the date comprised the three independent non-executive directors, Mr. Hung Tak Chow, Charles, Mr. Hung Fan Wai, Wilfred and Mr. Lai Hin Wing, Henry. The primary duties of the Audit Committee are to review the Company's annual report, half-yearly reports and quarterly report and to provide advice and comments thereon to the Board of Directors. Up to the date of this announcement, one audit committee meetings were held in this Period to discuss the operating results, statements of affairs and accounting policies with respect to the first quarterly of 2004-2005.

PURCHASE, SALE AND 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 Period ended 31st December, 2004.

As at the date of this report, Mr. Pong Wai San, Wilson, Mr. Cheung Shi Kwan, Wings, Madam Pong Lo Shuk Yin, Dorothy and Mr. Lau Wai Shu are the executive directors of the Company. Mr. Hung Tak Chow, Charles, Mr. Hung Fan Wai, Wilfred and Mr. Lai Hin Wing, Henry are the independent non-executive directors.

By Order of the Board
Pong Wai San, Wilson
Chairman

Hong Kong, 1st February, 2005