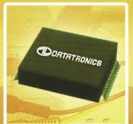




**DATRONIX HOLDINGS LIMITED**  
**連達科技控股有限公司\***



**INNOVATION BY DESIGN**



**Interim Report**

**2005**

\* For identification purposes only

The board of directors (the "Board") of Datronix Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2005 together with comparative figures for the corresponding period in 2004 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2005

	Note	Six months ended 30 June	
		2005 (Unaudited) HK\$'000	2004 (Unaudited and restated) HK\$'000
Turnover	4	<b>98,410</b>	97,982
Cost of sales		<b>(48,854)</b>	(60,364)
Gross profit		<b>49,556</b>	37,618
Other revenue		<b>1,041</b>	1,438
Distribution and selling expenses		<b>(7,837)</b>	(7,246)
Administrative expenses		<b>(10,779)</b>	(11,360)
Profit before taxation	5	<b>31,981</b>	20,450
Taxation	6	<b>(3,015)</b>	(2,914)
Profit attributable to shareholders		<b>28,966</b>	17,536
Interim dividend		<b>9,600</b>	7,040
Earnings per share	7		
– Basic		<b>HK9.05 cents</b>	HK5.48 cents
– Diluted		<b>N/A</b>	N/A

**CONDENSED CONSOLIDATED BALANCE SHEET**

At 30 June 2005

	<i>Note</i>	<b>30 June 2005 (Unaudited)</b>	31 December 2004 (Audited and restated)
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>32,503</b>	31,753
Lease premium for land and land use rights		<b>20,954</b>	21,200
<b>Current assets</b>			
Inventories		<b>55,829</b>	54,947
Amount due from ultimate parent enterprise		<b>9</b>	9
Tax reserve certificates		<b>13,624</b>	13,624
Prepayments, deposits and other receivables		<b>6,467</b>	5,845
Trade receivables	9	<b>37,611</b>	26,865
Cash and bank balances		<b>96,185</b>	84,299
		<b>209,725</b>	185,589
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	10	<b>9,633</b>	7,787
Other payables and accruals		<b>4,820</b>	3,673
Taxation payable		<b>18,321</b>	18,601
		<b>32,774</b>	30,061
Net current assets		<b>176,951</b>	155,528
Total assets less current liabilities		<b>230,408</b>	208,481
<b>Non-current liability</b>			
Deferred taxation		<b>3,210</b>	3,210
<b>NET ASSETS</b>		<b>227,198</b>	205,271
<b>CAPITAL AND RESERVES</b>			
Issued capital	11	<b>32,000</b>	32,000
Reserves	12	<b>195,198</b>	173,271
		<b>227,198</b>	205,271

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 June 2005*

	<b>Six months ended 30 June</b>	
	<b>2005</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2004 (Unaudited) HK\$'000
Net cash inflow from operations	<b>20,795</b>	19,807
Net cash used in investing activities	<b>(1,865)</b>	(7,803)
Net cash used in financing	<b>(7,039)</b>	(3,839)
Net increase in cash and cash equivalents	<b>11,891</b>	8,165
Effect of cumulative translation adjustment	<b>(5)</b>	(3)
Cash and cash equivalents at beginning of period	<b>84,299</b>	58,684
Cash and cash equivalents at end of period	<b>96,185</b>	66,846

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)***For the six months ended 30 June 2005*

	<b>Issued capital</b>	<b>Share premium</b>	<b>Capital reserve</b>	<b>Property revaluation reserve</b>	<b>Cumulative translation adjustments</b>	<b>Retained profits</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2005							
As previously reported	32,000	57,099	(23,724)	12,624	(1,033)	131,772	208,738
Prior period adjustments in respect of:							
– Decrease in revaluation reserve, net of deferred tax (restated)	–	–	–	(3,298)	–	–	(3,298)
– Decrease in depreciation	–	–	–	–	–	152	152
– Increase in amortisation	–	–	–	–	–	(491)	(491)
– Decrease in deferred taxation	–	–	–	–	–	170	170
As restated	32,000	57,099	(23,724)	9,326	(1,033)	131,603	205,271
Dividends paid	–	–	–	–	–	(7,040)	(7,040)
Translation adjustments	–	–	–	–	1	–	1
Net profit for the period	–	–	–	–	–	28,966	28,966
At 30 June 2005	32,000	57,099	(23,724)	9,326	(1,032)	153,529	227,198
At 1 January 2004							
As previously reported	32,000	57,099	(23,724)	10,774	(1,068)	101,830	176,911
Prior period adjustments in respect of:							
– Decrease in revaluation reserve, net of deferred tax (restated)	–	–	–	(2,625)	–	–	(2,625)
– Decrease in deferred taxation	–	–	–	–	–	200	200
As restated	32,000	57,099	(23,724)	8,149	(1,068)	102,030	174,486
Dividends paid	–	–	–	–	–	(3,840)	(3,840)
Translation adjustments	–	–	–	–	7	–	7
Net profit for the period (as restated)	–	–	–	–	–	17,536	17,536
At 30 June 2004 (as restated)	32,000	57,099	(23,724)	8,149	(1,061)	115,726	188,189

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. Independent Review

The interim results for the six months ended 30 June 2005 are unaudited, but have been reviewed in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), by CCIF CPA Limited. The interim results have also been reviewed by the audit committee.

### 2. Basis of presentation and accounting policies

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The accounting policies and basis of preparation adopted in these condensed consolidated interim financial statements are consistent with those adopted in the Company's 2004 Annual Report except for the new adoption of HKFRSs and HKASs as disclosed in note 3 below.

### 3. Impact of New HKFRSs and HKASs

The HKICPA has issued a number of new and revised HKFRSs, HKASs and Interpretations, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has adopted all the HKFRSs and HKASs issued up to 30 June 2005. These standards have had no significant impact on these condensed consolidated interim financial statements except for those disclosed below.

- (i) The adoption of revised HKAS 17 "Leases" has resulted in a change in the accounting policy relating to the leasehold land. Leasehold land and buildings were previously classified as "property, plant and equipment" and were carried at valuation less accumulated depreciation and impairment loss. Following the adoption of HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. The land lease prepayment is stated at cost and amortised over the period of the lease whereas the leasehold building is stated at valuation less accumulated depreciation and impairment loss. The land element of the leasehold properties were previously included in "property, plant and equipment" is now disclosed as "Lease premium for land and land use rights".

- (ii) Pursuant to HKAS 8 (which outlines the disclosure requirements when a change in accounting policy has a material effect on the current and prior periods presented), the Group has retrospectively restated the opening balance of reserves as at 1 January 2004 and 2005 to take into account the effects of changes in the above accounting policy. The previously reported reserves for the six months ended 30 June 2004 and for the year ended 31 December 2004 have also been adjusted. These effects are summarized as follows:

### Effect of adopting HKAS 17

	<b>Property revaluation reserve</b>	<b>Retained profits</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Effects on periods prior to 2004</b>			
Decrease in revaluation reserve, net of deferred tax	(2,625)	–	(2,625)
Decrease in deferred taxation	–	200	200
<b>(Decrease)/increase in reserves</b>	<b>(2,625)</b>	<b>200</b>	<b>(2,425)</b>

### Effects on 2004

(a) 6 months ended 30 June 2004			
Decrease in depreciation	–	77	77
Increase in amortisation	–	(246)	(246)
	–	(169)	(169)
(b) 6 months ended 31 December 2004			
Decrease in depreciation	–	75	75
Increase in amortisation	–	(245)	(245)
Increase in deferred taxation	–	(30)	(30)
Decrease in revaluation reserve, net of deferred tax	(673)	–	(673)
	(673)	(200)	(873)
Decrease in reserves for the year ended 31 December 2004	(673)	(369)	(1,042)
<b>Decrease in reserves as at 31 December 2004</b>	<b>(3,298)</b>	<b>(169)</b>	<b>(3,467)</b>

#### 4. Turnover and segment information

The Group is principally engaged in the design, development, manufacture and sale of magnetic commonly used in consumer electronics, telecommunication equipment, data processing appliances and other electronics systems for coupling, isolation, filtering, interfacing and timing control appliances.

The following is an analysis of the Group's turnover by geographical locations where merchandise is delivered:

	Six months ended 30 June	
	2005 HK\$'000	2004 HK\$'000
United States of America (the "US")	75,872	73,511
Europe	18,649	20,164
Hong Kong	2,790	2,495
Southeast Asia (excluding Hong Kong)	1,099	1,812
	<b>98,410</b>	97,982

No analysis of profit attributable to shareholders by geographical locations is presented as they were generally in line with the distribution of turnover as set out above.

#### 5. Profit before taxation

Profit before taxation is stated after crediting and charging the following:

	Six months ended 30 June	
	2005 HK\$'000	2004 HK\$'000 (Restated)
<b>Crediting:</b>		
Write-back of provision for obsolete and slow-moving inventories	10	301
<b>Charging:</b>		
Amortisation of goodwill	-	505
Cost of inventories sold (excluding write-back of provision for obsolete and slow-moving inventories)	48,864	60,665
Depreciation and amortisation	2,090	1,824



**6. Taxation**

	<b>Six months ended 30 June</b>	
	<b>2005</b> <b>HK\$'000</b>	2004 <i>HK\$'000</i>
Hong Kong profits tax	<b>2,435</b>	2,808
Overseas taxation	<b>580</b>	106
	<b>3,015</b>	2,914

Hong Kong profits tax was calculated at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong during the period. Overseas taxation was calculated at the rates applicable in the respective jurisdictions.

The charge for the period can be reconciled to the profit per the condensed consolidated income statement as follows:

	<b>Six months ended 30 June</b>	
	<b>2005</b> <b>HK\$'000</b>	2004 <i>HK\$'000</i> (Restated)
Profit before taxation	<b>31,981</b>	20,450
Effect of tax at Hong Kong profits tax rate of 17.5% (2004:17.5%)	<b>5,597</b>	3,578
Income that are not taxable	<b>(3,139)</b>	(784)
Expenses that are not deductible	<b>58</b>	30
Unrecognised tax losses	<b>167</b>	189
Others	<b>332</b>	(99)
	<b>3,015</b>	2,914

## 7. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2005 was based on the profit attributable to shareholders of approximately HK\$28,966,000 (six months ended 30 June 2004 (restated): HK\$17,536,000) and on the weighted average number of 320,000,000 (2004: 320,000,000) shares in issue during the period.

Diluted earnings per share is not presented as there was no dilutive potential ordinary shares in existence during the period (2004: Nil).

## 8. Property, plant and equipment

The total cost of additions to property, plant and equipment of the Group during the six months ended 30 June 2005 was HK\$2,595,000 (2004: HK\$8,155,000). There were no material disposals and write-offs of fixed assets during the six months ended 30 June 2005 and 30 June 2004.

## 9. Trade receivables

Customers are usually offered a credit period ranging from 30 days to 120 days. The ageing analysis of trade receivables after provision is as follows:

	<b>30 June 2005 (Unaudited) HK\$'000</b>	31 December 2004 (Audited) HK\$'000
0 to 30 days	<b>18,156</b>	11,569
31 to 60 days	<b>12,569</b>	7,247
61 to 90 days	<b>6,309</b>	4,299
Over 90 days	<b>577</b>	3,750
	<b>37,611</b>	26,865

**10. Trade payables**

The ageing analysis of trade payables is as follows:

	<b>30 June 2005 (Unaudited) HK\$'000</b>	31 December 2004 (Audited) HK\$'000
0 to 30 days	<b>4,790</b>	4,734
31 to 60 days	<b>3,353</b>	1,846
61 to 90 days	<b>1,108</b>	1,108
Over 90 days	<b>382</b>	99
	<b>9,633</b>	7,787

**11. Share capital**

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Authorised ordinary shares of HK\$0.1 each		
At 1 January 2005 and 30 June 2005	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK\$0.1 each		
At 1 January 2005 and 30 June 2005	320,000,000	32,000

**12. Reserves**

The movements of reserves during the half-year ended 30 June 2005 and the year ended 31 December 2004 were as follows:

	(Unaudited) HK\$'000
Balance as at 1 January 2005, as previously reported	176,738
Prior period adjustments on effect of changes in accounting policy ( <i>note 3(ii)</i> )	(3,467)
Balance as at 1 January 2005, as restated	173,271
Dividends paid	(7,040)
Translation adjustments	1
Net profit for the period	28,966
Balance as at 30 June 2005	195,198
	(Audited and restated) HK\$'000
Balance as at 1 January 2004, as previously reported	144,911
Prior period adjustments on effect of changes in accounting policy ( <i>note 3(ii)</i> )	(2,425)
Balance as at 1 January 2004, as restated	142,486
Revaluation reserve, net of deferred tax, as previously reported	1,850
Effect of changes in accounting policy ( <i>note 3(ii)</i> )	(673)
Revaluation reserve, net of deferred tax, as restated	1,177
Dividends paid	(10,880)
Translation adjustments	35
Net profit for the year, as previously reported	40,822
Effect of changes in accounting policy ( <i>note 3(ii)</i> )	(369)
Net profit for the year, as restated	40,453
Balance as at 31 December 2004	173,271

**13. Related party transactions**

During the six months ended 30 June 2005, the Group's sales to Datatronics Romoland, Inc., a company in which Mr. Siu Paul Y., a director, has beneficial interest, amounted to HK\$34,000,000 (2004: HK\$22,940,000). The transactions constituted a continuing connected transaction under Chapter 14A of the Listing Rules and were carried out in the ordinary course of business and on normal commercial terms.

## MANAGEMENT DISCUSSION & ANALYSIS

### Business Review

The Group showed significant improvement in operating profit and had a recorded growth in profit for the first six months of year 2005. The directors believe that it is reflecting the continued success of the Group's efforts to design for a new variety of customized magnetic components and its manufacturing efficiency.

The Group continues to believe that there will be a strong growth in its legacy customized military, communications applications, high reliability magnetics and power conversion markets. The group remains continuously optimistic about revenue growth and earnings for the rest of year 2005 and in the future.

The Group continues to expand its technology and technical know-how to develop and re-design existing products to create higher quality, more cost competitive components to assist and bridge its customers to new technology.

It is the Group's strategy and efforts to increase its market share and strengthen its market position through direct sales and sales representative forces. The directors believe that its aggressive cost-cutdown activities, high productivity, efficiency and technological know-how have positioned it very well in the future. The directors also believe that its cost structure will allow the Group to produce strong operating margin and create a more valuable enterprise for our shareholders.

The Group continues to invest in equipment and machinery for high automation in production to reduce manufacturing costs and to improve efficiency and productivity.

### Financial Review

For the six months ended 30 June 2005, the Group recorded a turnover of HK\$98.4 million which is comparable to the corresponding period of 2004. The US market for military and high reliability, telecommunications and technology equipment products remained strong. The US market remains the largest market of the Group, which contributed over 75% of the Group's turnover for the half year ended 30 June 2005.

**Financial Review** (Continued)

For the period under review, the Group reported a profit attributable to shareholders and earnings per share of approximately HK\$29 million and HK9.05 cents respectively as compared to HK\$17.5 million and HK5.48 cents for the corresponding period in 2004. The significant improvement in operating results was largely due to the growth in turnover of the military, aerospace and high reliability products by HK\$11.1 million which generally contributed a higher profit margin, and improvement in operational efficiency and higher productivity. As a result, there is a significant improvement in gross profit margin from 38% in the first half of 2004 to 50% of the corresponding period in 2005.

**Liquidity, Financial Resources and Capital Structure**

As at 30 June 2005, the Group had a total shareholder's equity of approximately HK\$227 million (31 December 2004: HK\$205 million), and cash and cash equivalents of approximately HK\$96.2 million (31 December 2004: HK\$84.3 million), which were predominately denominated in US and Hong Kong dollars.

For the six months ended 30 June 2005, the Group had not arranged for any banking facilities and other resources for financing. With the above cash on hand, the Group has adequate resources to meet its working capital needs in the near future.

The Group has strong financial position. There were no debt and no bank loan for the six months ended 30 June 2005.

Capital expenditure for the period under review amounted to approximately HK\$2.6 million (2004: HK\$8.2 million).

The Group had limited exposure to foreign exchange fluctuations as most of its accounts receipts and payments are in US dollars.

**Employees and Remuneration Policies**

As at 30 June 2005, the Group employed approximately 1,600 personnel around the world, with approximately 100 in Hong Kong, 1,480 in the PRC and 20 overseas. The Group has a staff education sponsorship program and also provides training courses to staff on operational system, product and technology development, and product safety.

**Contingent Liabilities**

The Group has no material contingent liability as at 30 June 2005 (31 December 2004: HK\$Nil).

**Capital Commitments**

The Group has no material capital commitment as at 30 June 2005 (31 December 2004: HK\$Nil).

**Outlook**

The prospects for global electronics business are cautiously optimistic and the Group will continue to build on its competitive advantage to sustain growth for the rest of the year and in the coming years.

**Updated Information on Public Shareholding**

Trading in the shares of the Company has been suspended since 15 August 2002 due to the public float issue of the Company. Details of which have been published by the Company's announcement dated 18 August 2005.

**OTHER INFORMATION****Directors' Interests in Shares**

As at 30 June 2005, the directors had the following interests in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company pursuant to Section 352 of the SFO:

**a) The Company**

	<b>Ordinary shares of HK\$0.1 each</b>			
	<b>Personal interests</b>	<b>Family interests</b>	<b>Corporate interests</b>	<b>Total</b>
Mr. Siu Paul Y.	–	–	240,000,000	240,000,000
			(Note 1)	

**b) Associated corporation**

	<b>Name of corporation</b>	<b>Non-voting deferred shares of HK\$1 each</b>			<b>Total</b>
		<b>Personal interests</b>	<b>Family interests</b>	<b>Corporate interests</b>	
Mr. Siu Paul Y.	Datatron Limited	1	–	199,999	200,000
				(Note 2)	

*Notes:*

1. These shares are held by Onboard Technology Limited, a company incorporated in the British Virgin Islands, and in which Mr. Siu Paul Y. and Ms. Shui Wai Mei beneficially own 90% and 10% of its issued share capital respectively, representing 75% of the issued share capital of the Company.
2. These shares are held by Data Express Limited, a company incorporated in the Republic of Liberia, whose entire issued share capital is beneficially owned by Mr. Siu Paul Y..



**Directors' Interests in Shares** (Continued)

Save as disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executives of the Company or their respective associates in the shares and underlying shares of the Company or its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code of Securities Transactions by Directors of Listed Companies or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the directors and chief executives (including their spouses and children under the age of 18), had, as at 30 June 2005, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

**Substantial Shareholders**

As far as is known to any director or chief executives of the Company, as at 30 June 2005, shareholders (other than the directors or chief executives of the Company) interested in 5% or more in the shares or underlying shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

**Long positions in the shares of the Company**

<b>Shareholders</b>	<b>Capacity</b>	<b>No. of shares held</b>	<b>% of issued share capital of the Company</b>
Fortune Treasure Worldwide Limited	Beneficial owner	21,784,000	6.80
Lee Pei Jin	Beneficial owner	18,974,000	5.92

Save as disclosed above, as at 30 June 2005, the Company has not been notified by any persons (other than the directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

**Interim Dividend**

At the board meeting held on 18 August 2005, the Board have resolved to declare an interim dividend of HK3 cents (2004: HK2.2 cents) per share, totaling HK\$9,600,000 (2004: HK\$7,040,000) in respect of the six months ended 30 June 2005 to shareholders whose names appear on the register of members of the Company on Thursday, 8 September 2005.

**Close of Register of Members**

The register of members of the Company will be closed from Tuesday, 6 September 2005 to Thursday, 8 September 2005, both dates inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with Hong Kong Registrars Limited, the Company's branch share registrars in Hong Kong, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Monday, 5 September 2005. The cheques for dividend payment will be sent on about Friday, 16 September 2005.

**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 listed securities of the Company during the six months ended 30 June 2005.

**Audit Committee**

The audit committee has reviewed the unaudited interim report and discussed with the Board the financial reporting process and internal control system of the Group.

**Corporate Governance**

The Company has complied throughout the half-year ended 30 June 2005 with the Code Provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules, except that the independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's Bye-laws.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All directors have confirmed, following specific enquiry of all directors, that they have fully complied with the required standard set out in the Model Code throughout the period under review.

By order of the Board

**SIU Paul Y.**

*Chairman*

Hong Kong, 18 August 2005

## INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF DATRONIX HOLDINGS LIMITED

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### **Introduction**

We have been instructed by the Company to review the interim financial report set out on pages 1 to 11.

### **Directors' responsibilities**

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 HKAS 34 "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.

### **Review work performed**

We conducted our review in accordance with SAS 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 group 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 30 June 2005.

### **CCIF CPA Limited**

*Certified Public Accountants*

Hong Kong

18 August 2005

### **Chan Wai Dune, Charles**

Practising Certificate Number P00712