



Golden 21 Investment Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 2312)

Interim Report 2005

INTERIM RESULTS

The board of directors (the “Board”) of Golden 21 Investment Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiary (the “Group”) for the six months ended 30 June 2005 (the “Period”). The unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee (the “Audit Committee”).

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Six months ended 30 June 2005 (Unaudited) HK\$'000	Six months ended 30 June 2004 (Unaudited) HK\$'000
TURNOVER	3	5,329	16,251
Cost of sales		<u>(5,722)</u>	<u>(16,483)</u>
Gross loss		(393)	(232)
Other revenue	3	196	26
Unrealised losses on financial assets at fair value through profit or loss		(11,533)	–
Unrealised holding gain on trading securities		–	1,014
Administrative expenses		<u>(1,992)</u>	<u>(3,188)</u>
LOSS BEFORE TAXATION	5	(13,722)	(2,380)
Taxation	6	<u>–</u>	<u>–</u>
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>(13,722)</u>	<u>(2,380)</u>
DIVIDEND		<u>Nil</u>	<u>Nil</u>
LOSS PER SHARE	7		
Basic		<u>HK(13.02) cents</u>	<u>HK(2.26) cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2005 (Unaudited) HK\$'000	31 December 2004 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss	8	18,480	–
Investment securities		–	25,977
Amount due from an investee		–	1,770
		18,480	27,747
CURRENT ASSETS			
Financial assets at fair value through profit or loss	8	6,103	–
Trading securities		–	11,817
Deposits and other receivables		20	27
Amount receivable from a broker		–	13
Cash and cash equivalents		23,898	23,477
		30,021	35,334
CURRENT LIABILITIES			
Other payables and accruals		427	1,284
NET CURRENT ASSETS		29,594	34,050
TOTAL ASSETS LESS CURRENT LIABILITIES		48,074	61,797
NET ASSETS		48,074	61,797
CAPITAL AND RESERVES			
Issued capital		10,542	10,542
Reserves		37,532	51,255
		48,074	61,797

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Accumul- ated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2004 (Audited)	10,542	85,277	(17,579)	78,240
Net loss for the period from 1 January 2004 to 30 June 2004	—	—	(2,379)	(2,379)
At 30 June 2004 (Unaudited)	<u>10,542</u>	<u>85,277</u>	<u>(19,958)</u>	<u>75,861</u>
	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Accumul- ated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2005 (Audited)	10,542	85,277	(34,022)	61,797
Net loss for the Period	—	—	(13,722)	(13,722)
At 30 June 2005 (Unaudited)	<u>10,542</u>	<u>85,277</u>	<u>(47,744)</u>	<u>48,075</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2005 (Unaudited) <i>HK\$'000</i>	Six months ended 30 June 2004 (Unaudited) <i>HK\$'000</i>
Net cash inflow from operating activities	421	40
Net cash flow from investing activities	–	–
Net cash flow from financing activities	–	–
INCREASE IN CASH AND CASH EQUIVALENTS	421	40
Cash and cash equivalents at beginning of period	<u>23,477</u>	<u>27,731</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>23,898</u>	<u>27,771</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	1,278	5,351
Time deposits with original maturity of less than three months when acquired	<u>22,620</u>	<u>22,420</u>
	<u>23,898</u>	<u>27,771</u>

NOTES TO INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Interim Financial Statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for periodic remeasurement of financial instruments.

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are the same as those adopted in preparing the annual financial statements for the year ended 31 December 2004 except as described below.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and HKASs (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005.

The adoption of new HKFRSs did not result in substantial changes to the Group’s accounting policies except for HKAS 32 and HKAS 39 which have resulted in a change in accounting policy for recognition, measurement, derecognition and disclosure of financial instruments. Following the adoption of HKAS 32 and HKAS 39, the financial assets have been classified into available-for-sale financial assets, financial assets at fair value through profit or loss, and loans and receivables.

As at 31 December 2004, the Group’s investments in equity securities were classified as “investment securities” or “trading securities” as appropriate. From 1 January 2005 onwards, the Group classifies and measures its investment in equity securities in accordance with HKAS 39, the Group’s financial assets are classified as “financial assets at fair value through profit or loss” and are carried at fair value, with changes in fair values recognised in income statement. These changes have had no material effect on the previous carrying amounts of assets and liabilities at 1 January 2005.

3. TURNOVER AND REVENUE

Turnover represents the proceeds from the sale of financial assets through profit or loss (2004: trading securities). An analysis of turnover and other revenues is as follows:

	Six months ended 30 June 2005 (Unaudited) HK\$'000	Six months ended 30 June 2004 (Unaudited) HK\$'000
Turnover	<u>5,329</u>	<u>16,251</u>
Bank interest income	154	1
Dividend income	<u>42</u>	<u>25</u>
Other revenue	<u>196</u>	<u>26</u>
Total revenue	<u>5,525</u>	<u>16,277</u>

4. SEGMENT INFORMATION

The Group is principally engaged in investment in listed and unlisted companies. Accordingly, no further analysis by business segment is provided. In determining the Group's geographical segments, revenue and assets are attributed to the segments based on the location of assets.

The following tables present revenue and assets of the Group's geographical segments.

Hong Kong		The PRC		Consolidated	
Six months ended 30 June 2005 (Unaudited) HK\$'000	Six months ended 30 June 2004 (Unaudited) HK\$'000	Six months ended 30 June 2005 (Unaudited) HK\$'000	Six months ended 30 June 2004 (Unaudited) HK\$'000	Six months ended 30 June 2005 (Unaudited) HK\$'000	Six months ended 30 June 2004 (Unaudited) HK\$'000

Segment revenue:

Sales proceeds from financial
assets through profit or loss
(2004: trading securities)

<u>5,329</u>	<u>16,251</u>	<u>-</u>	<u>-</u>	<u>5,329</u>	<u>16,251</u>
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4. SEGMENT INFORMATION (continued)

	Hong Kong		The PRC		Consolidated	
	30 June	31 December	30 June	31 December	30 June	31 December
	2005	2004	2005	2004	2005	2004
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:						
Segment assets	<u>30,021</u>	<u>35,334</u>	<u>18,480</u>	<u>27,747</u>	<u>48,501</u>	<u>63,081</u>

5. LOSS BEFORE TAXATION

	Six months ended 30 June 2005 (Unaudited) HK\$'000	Six months ended 30 June 2004 (Unaudited) HK\$'000
Loss before taxation is arrived at after charging Staff costs (excluding directors' remuneration):		
Wages	129	360
Retirement benefits scheme contributions	<u>6</u>	<u>6</u>
	135	366
Operating lease charges in respect of land and buildings	<u>56</u>	<u>45</u>

6. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the companies within the Group did not derive any assessable profits for the Period (2004: Nil).

No provision for deferred tax had been made as the Group did not have any significant unprovided deferred tax in respect of the Period (2004: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share is based on the current period's loss attributable to shareholders of approximately HK\$13,722,000 (2004: HK\$2,380,000) and the 105,420,000 (2004:105,420,000) ordinary shares in issue.

Diluted loss per share for each of the six months ended 30 June 2005 and 30 June 2004 had not been disclosed as no diluting events existed during these periods.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2005 (Unaudited) HK\$'000	31 December 2004 (Audited) HK\$'000
Unlisted equity securities outside Hong Kong at cost	35,797	–
Provision on financial assets	(17,317)	–
Financial assets, at fair value	18,480	–
Listed financial instruments in Hong Kong, at market value	6,103	–

9. CONTINGENT LIABILITIES

At the balance sheet date, neither the Group, nor the Company had any significant contingent liabilities.

10. OPERATING LEASES COMMITMENTS

At 30 June 2005, the total future minimum lease payments of the Group in respect of office premises under non-cancellable operating lease were as follows:

	30 June 2005 (Unaudited) HK\$'000	31 December 2004 (Audited) HK\$'000
Within one year	–	51

11. RELATED PARTY AND CONNECTED TRANSACTIONS

During the Period, the Group had the following significant related party transactions:

		30 June 2005 (Unaudited) HK\$'000	30 June 2004 (Unaudited) HK\$'000
	<i>Notes</i>		
Investment management fee paid/ payable to Golden Honour Assets Management Limited	<i>(i)</i>	788	974
Rental expenses paid to Ceres Capital Limited	<i>(ii)</i>	<u>51</u>	<u>44</u>

Notes:

- (i) Pursuant to the investment management agreement dated 7 October 2002 (the "Investment Management Agreement") entered into between the Company and Golden Honour Assets Management Limited (the "Investment Manager"), the Investment Manager has agreed to provide the Company with investment management services (excluding general administrative services) for a three-year period commencing on 28 October 2002, the date of the commencement of the trading of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Investment Management Agreement will continue for successive periods of three years, unless terminated at any time by either the Company or the Investment Manager serving not less than six month's notice in writing to the other party, and will expire on the last day of the three-year period or any of the relevant successive periods.

Under the Investment Management Agreement, the Investment Manager is entitled to a monthly management fee equivalent to 2.5% per annum of the net asset value of the Company as at the last dealing day on the Stock Exchange in each calendar month (or such other dealing day as considered appropriate by the Board for the purpose of calculating the net asset value of the Company), calculated on the basis of the actual number of days in the relevant calendar month over a year of 365 days. In addition, the Investment Manager is also entitled to an annual incentive fee equivalent to 15% of the surplus in the net asset value of the Company over a financial year or period.

Mr. Chang Chu Fai, Johnson Francis ("Mr. Chang") and Mr. Lim Siang Kai, executive directors of the Company, each has a 15% equity interest in the Investment Manager. Mr. See Lee Seng, Reason, an executive director of the Company, has a 35% equity interest in the Investment Manager and is one of the directors of the Investment Manager.

- (ii) On 10 June 2003, the Company entered into a new sub-tenancy agreement with Ceres Capital Limited ("Ceres"), the Company agreed to sublet its office premises from Ceres, which is owned as to approximately 33% by Mr. Chang, for a period of two years commencing from 1 July 2003 at HK\$8,500 per month, with a rent free period of one month in May 2004.

The related party transactions set out above also constitute connected transactions under the Listing Rules.

INTERIM DIVIDEND

The Board resolved not to declare the payment of any interim dividend in respect of the Period (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30 June 2005, the Group recorded a net loss of approximately HK\$13,722,000, representing approximately a 4.76 times increase as compared to approximately HK\$2,380,000 of last corresponding period, which was mainly attributable to unrealised losses on financial assets of approximately HK\$11,533,000. The net assets value of the Group was approximately HK\$48,074,000 as of 30 June 2005 (as at 31 December 2004: HK\$61,797,000).

Liquidity and Financial Resources

As at 30 June 2005, the Group had cash and bank balances of approximately HK\$23,898,000 (as at 31 December 2004: HK\$23,477,000). Most of the cash was placed in Hong Kong dollars short-term deposits with banks in Hong Kong. The Group did not have any borrowings during the Period. The Board believes that the Group has sufficient financial resources to satisfy its working capital requirements. Since the Group's investments are mainly denominated in Hong Kong dollars or Renminbi, the Group considers the exposure to foreign exchange fluctuation in Hong Kong dollars is minimal whilst fluctuation in Renminbi may have an impact on the financial performance of the Group.

On 21 July 2005, the People's Bank of China adjusted the exchange rate of Renminbi to US dollars from 8.2765 to 8.1100. In view of the magnitude of this adjustment, the appreciation of Renminbi has positive but immaterial impact to the Group.

CAPITAL STRUCTURE

There was no change in the capital structure of the Group during the period ended 30 June 2005.

Material Acquisitions and Disposals of Subsidiaries

The Group has not made any material acquisition or disposal of subsidiaries during the period ended 30 June 2005.

Employee, Remuneration Policy and Share Option Scheme

As at 30 June 2005, the Group had 2 employees excluding directors (2004: 1). The Group's staff costs (excluding directors' fee and emoluments) amounted to HK\$135,870 (2004: HK\$366,000) for the six months ended 30 June 2005. The remuneration policy of the Company is reviewed annually and is in line with the prevailing market practice. During the Period, no share options were granted to any directors or employees of the Group under the Company's share option scheme adopted on 7 October 2002.

CHARGES ON GROUP ASSETS

During the Period, there were no charges on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2005, no contingent liabilities were noted by the directors of the Company.

Significant Investments

The Company is principally engaged in investing in listed and unlisted companies established and/or doing business in the Asia Pacific Region, mainly the People's Republic of China, excluding Hong Kong and Macau, and Hong Kong and other Asian countries.

BUSINESS REVIEW AND FUTURE PROSPECT

Privately owned enterprises in China continue to be severely affected by the macro economic control measures implemented by the Central Government which led to a liquidity squeeze in the private sector. As a consequence of the liquidity squeeze, the performance of 北京綜藝達軟件技術有限公司 (「北京綜藝達」) in the first half of 2005 was disappointing, due to cut back by its clients on non-essential capital expenditure coupled with the adverse impact on its operations brought about by change of management. The Company has taken a prudent approach to make a further provision of approximately HK\$9,267,000 making total provisions to-date amount to approximately HK\$12,047,000 in our investment in 北京綜藝達 in view of its uncertain business outlook. The performance of Nantong Einolda Smart Card Manufacturing Co., Ltd. (南通毅能達智能卡製造有限公司) in the first half of 2005 was not satisfactory. However, its management has informed the Company that it is taking appropriate measures to improve its performance in the second half of 2005. Since it is still at a start up stage, the Company considers the provision of approximately HK\$5,270,000 made to-date is adequate. We will continue to monitor its performance closely.

The Group's investments portfolio as at 30 June 2005 consisted of 12.59% in listed investments, 38.12% in unlisted investments and the remaining 49.29% in cash and cash equivalents and others.

In view of the Company's operating losses, the Board has implemented a cost cutting exercise, which has reduced the administration cost of the Company by approximately 36.11% from HK\$3,118,000 to HK\$1,992,000 in the first half of 2005. The Company will continue to look into ways to further reduce the operating costs of the Group.

In light of the uncertain business outlook in China, the Company has made no new direct investment in China. In the short term, the Company will put more emphasis on investment opportunities in the stock markets, in particular, H & red chip shares. Despite the difficulties the Company is facing, the Board remains optimistic in the long term potential of the China market and will continue to seek investment opportunities in listed shares or unlisted shares related to China to enhance shareholder return.

INTERESTS OF DIRECTORS

As at 30 June 2005, the interest or short positions of the directors in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance (“SFO”) which were 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 or short positions which they are taken or deemed to have under such provision 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 for Securities Transactions by Directors of Listed Issuers (“Model Code”), are set out below:

1. Aggregate long position in the shares, underlying shares and debentures of the Company

Name of director	Type of interest	Number of ordinary shares held	Percentage of the Company’s issued share capital
Mr. Chang Chu Fai, Johnson Francis	Beneficial	1,355,000	1.3%
Mr. Lim Siang Kai	Beneficial	1,355,000	1.3%
Mr. See Lee Seng, Reason	Beneficial	1,355,000	1.3%

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

Save as disclosed above, none of the directors had registered an interest or short position in the shares or underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the Period was the Company, its subsidiary or its associated companies a party to any arrangement to enable the directors (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporation.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2005, the interests or short positions of every person, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, are set out below:

1. Aggregate long position in the shares and underlying shares of the Company

Name of shareholder	Type of interest	Number of ordinary shares held	Total no. of ordinary shares held	Percentage of the Company's issued share capital
Zhang Yunxia (<i>Note a</i>)	Interest of controlled corporation	22,760,000	22,760,000	21.59
Profitone Company Limited (<i>Note a</i>)	Beneficial owner	22,760,000	22,760,000	21.59
Lee Wing Ngai (<i>Note b</i>)	Beneficial owner Interest of spouse	3,690,000 1,970,000	5,660,000	5.37
Wong Wai (<i>Note b</i>)	Beneficial owner Interest of spouse	1,970,000 3,690,000	5,660,000	5.37
Leung Kin Keung (<i>Note c</i>)	Beneficial owner Interest of spouse	8,768,000 342,000	9,110,000	8.64
Fung Pui Ming (<i>Note c</i>)	Beneficial owner Interest of spouse	342,000 8,768,000	9,110,000	8.64

Notes:

- By virtue of the SFO, Ms. Zhang Yunxia is deemed to be interested in 22,760,000 shares in the Company. These shares are held by Profitone Company Limited, a company incorporated in the BVI with limited liability and is beneficially owned by Ms. Zhang Yunxia.
- These shares are held by Mr. Lee Wing Ngai and his spouse, Ms. Wong Wai.
- These shares are held by Mr. Leung Kin Keung and his spouse, Ms. Fung Pui Ming.

2. Aggregate short position in the shares and underlying shares of the Company

As at 30 June 2005, the Company had not been notified of any short positions being held by any substantial shareholders in the shares or underlying shares of the Company.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “SO Scheme”) on 7 October 2002 (the “Adoption Date”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the SO Scheme include any persons being employees, officers, agents, consultants or representatives of the Group. The SO Scheme became unconditional on 28 October 2002 upon the listing of the Company’s shares on the Stock Exchange and, unless otherwise cancelled or amended, will remain in force for 10 years from the Adoption Date.

The maximum number of shares issuable under share options to each eligible participant in the SO Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options to any eligible participant in excess of this limit is subject to shareholders’ approval in a general meeting. The total number of shares which may be issued upon exercise of all share options to be granted must not represent more than 10% of the nominal amount of all the issued shares of the Company (the “10% Limit”) as at the date on which trading in the shares of the Company on the Stock Exchange first commenced. The Company may seek approval from its shareholders in a general meeting to refresh the 10% Limit at any time in accordance with the Listing Rules.

The maximum number of unexercised share options currently permitted to be granted under the SO Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue from time to time.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, are subject to the approval of the independent non-executive directors (excluding any independent non-executive director who is a proposed grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to the shareholders’ approval in a general meeting in accordance with the Listing Rules.

The offer of a grant of share options shall remain open for acceptance for a period of 28 days from the date of the offer of the grant. The grant of share options is effective upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the share options, which must be a trading day; (ii) the average closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant of the share options; and (iii) the nominal value of the Company’s shares.

Further details of the SO Scheme are disclosed in the prospectus of the Company dated 15 October 2002.

During the Period, no share option has been granted, and as at 30 June 2005, the Company has no outstanding share options.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor its subsidiary purchased, redeemed or sold any of the Company's listed securities during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code.

CODE ON GOVERNANCE PRACTICES

The Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices ("Code") in Appendix 14 to the Listing Rules effective on 1 January 2005, except for the following:

Deviation from the Code	Relevant Code provisions	Remedial step to be taken to comply with the Code
1. According to the existing Articles of Association of the Company ("Articles"), at each annual general meeting one-third of the directors for the time being (or, if their number is not 3 or a multiple of 3, the number nearest to but not greater than one-third) shall retire from office by rotation provided that the chairman of the Board and/or the managing director of the Company shall not be subject to retirement by rotation.	A.4.2	A resolution will be proposed at the next general meeting of the Company to seek the approval of the shareholders of the Company to amend the Articles so that all directors appointed to fill a casual vacancy should be subject to election by the shareholders of the Company at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Interim Financial Statements has been reviewed by the Audit Committee which comprises three independent non-executive directors of the Company, Messrs. Yue Man Yiu, Matthew, Chung Koon Yan and Zheng Weihe.

The Board of Directors of
Golden 21 Investment Holdings Limited

Hong Kong, 28 September 2005