

深業控股



深業控股
SHUM YIP INVESTMENT

INTERIM
REPORT
2 0 0 1

PROPERTY
INFRASTRUCTURE
TRANSPORTATION
INFORMATION TECHNOLOGY

Corporate Information

Executive Directors

Mr. SONG Zhiwang, *Chairman*
Mr. LIU Zixian, *Managing Director*
Mr. SUN Juyi, *Deputy Managing Director*
Mr. ZHANG Luzheng
Mr. ZHU Qiyi
Mr. YANG Yefang

Independent Non-executive Directors

Mr. WONG Po Yan
Mr. LEE Yip Wah, Peter

Company Secretary

Mr. CHEUNG Wing Yui, Edward

Authorised Representatives

Mr. LIU Zixian
Mr. SUN Juyi

Auditors

Ernst & Young
Certified Public Accountants
Hong Kong

Legal Advisers

Woo, Kwan, Lee & Lo Solicitors & Notaries
Shu Jin & Co., Law Firm

Principal Bankers

The Hongkong & Shanghai Banking
Corporation Ltd.
Nanyang Commercial Bank Ltd.
China Merchants Bank (Shenzhen Branch)
The Industrial & Commercial Bank of China
(Shenzhen Branch)

Registered Office

8th Floor, New East Ocean Centre
9 Science Museum Road
Tsimshatsui, Kowloon
Hong Kong

Share Registrar and Transfer Office

Standard Registrars Ltd.
5th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

Interim Results

The board of directors (the "Directors") of Shum Yip Investment Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2001, which have been reviewed by the audit committee of the Company as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2001

	Notes	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
TURNOVER	3	676,698	499,054
Cost of sales		(465,239)	(311,021)
Gross profit		211,459	188,033
Other revenue		18,682	42,319
Distribution costs		(9,357)	(7,437)
Administrative expenses		(111,632)	(97,398)
Other operating expenses		(26,276)	(3,805)
PROFIT FROM OPERATING ACTIVITIES	4	82,876	121,712
Finance costs	5	(86,280)	(67,320)
Gain on deemed disposal of an associate		92,763	-
Investment income		39,052	38,034
Surplus arising from the repurchase and cancellation of convertible bonds		2,843	4,751
Share of profits less losses of associates		140,001	81,152
PROFIT BEFORE TAX		271,255	178,329
Tax	6	(32,306)	(23,189)
PROFIT BEFORE MINORITY INTERESTS		238,949	155,140
Minority interests		(76,614)	(36,410)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		162,335	118,730
EARNINGS PER SHARE	7		
Basic		HK15.01 cents	HK11.03 cents
Diluted		HK14.78 cents	HK10.55 cents
INTERIM DIVIDEND PER SHARE		HK3.00 cents	HK3.00 cents

Interim Results

CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED GAINS AND LOSSES

For the six months ended 30 June 2001

	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Net profit for the period attributable to shareholders	162,335	118,730
Deficit on revaluation of investments in securities	(6,460)	-
Exchange difference on translation of the financial statements of foreign entities, net	<u>(4,284)</u>	<u>1,056</u>
Total recognized gains and losses	151,591	119,786
Goodwill eliminated directly against reserves	<u>-</u>	<u>(85,724)</u>
	<u>151,591</u>	<u>34,062</u>

Interim Results

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2001

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Restated) HK\$'000
	<i>Notes</i>	
NON-CURRENT ASSETS		
Fixed assets	412,292	462,434
Intangible assets	24,469	25,171
Properties under development	251,062	171,988
Investment properties	710,601	712,884
Interests in associates	1,828,736	1,664,847
Infrastructure project investments	96,288	98,528
Long term investments	67,210	50,741
	<hr/> 3,390,658 <hr/>	<hr/> 3,186,593 <hr/>
CURRENT ASSETS		
Completed properties for sale	541,746	530,461
Inventories	18,118	13,134
Properties under development for sale	161,714	419,232
Accounts receivable	128,453	62,927
Other receivables	377,168	307,411
Short term investments	2,800	1,352
Deposits paid for acquisition of associates and subsidiaries	–	13,187
Pledged bank deposit	48,900	–
Cash and cash equivalents	1,703,434	1,532,124
	<hr/> 2,982,333 <hr/>	<hr/> 2,879,828 <hr/>

Interim Results

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

30 June 2001

		30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Restated) HK\$'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	11	575,413	687,635
Accounts payable	10	56,169	60,719
Other payables and accruals		571,720	554,371
Tax payable		2,768	7,190
Amount due to minority shareholders		8,680	13,410
Dividend payable		53,975	–
		<u>1,268,725</u>	<u>1,323,325</u>
NET CURRENT ASSETS		<u>1,713,608</u>	<u>1,556,503</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,104,266	4,743,096
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	11	1,817,038	1,621,298
Deferred tax		39,130	29,856
		<u>1,856,168</u>	<u>1,651,154</u>
MINORITY INTERESTS		<u>793,738</u>	743,015
		<u>2,454,360</u>	<u>2,348,927</u>
CAPITAL AND RESERVES			
Share capital		108,530	107,950
Reserves		2,313,271	2,187,002
Proposed dividends		32,559	53,975
		<u>2,454,360</u>	<u>2,348,927</u>

Interim Results

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2001

	For the six months ended 30 June 2001 (Unaudited) HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	262,241
Returns on investments and servicing of finance	(5,697)
Tax paid	(8,806)
Investing activities	(138,045)
Net cash inflow before financing activities	109,693
Financing activities	58,461
INCREASE IN CASH AND CASH EQUIVALENTS	168,154
Cash and cash equivalents at beginning of period	1,532,124
Effects of foreign exchange rate changes, net	3,156
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,703,434</u>

Interim Results

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation and accounting policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAP") No.25 "Interim Financial Reporting" and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2000 except that the Group has changed certain of its accounting policies following the adoption of the following SSAP issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1 January 2001.

The changes to the Group's accounting policies and the effects of adopting these new policies are set out below:

SSAP 9 (revised): Events after the balance sheet date

In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the proposed final dividend amounting HK\$53,975,000 previously recorded as a current liability as at 31 December 2000 has been restated and shown under shareholder's equity.

2 Comparative cash flow statement

The comparative cash flow statement for the six months ended 30 June 2000 has not been prepared as permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Interim Results

3 Segmental information

The principal activities of the Group are property development and investment, the provision of transportation services and investment in infrastructure businesses.

The results of operations by principal activity are summarised as follows:

	Turnover		Operating profit	
	Six months ended 30 June 2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000	Six months ended 30 June 2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
By principal activity:				
Property development and investment	528,498	334,514	70,028	101,001
Transportation business	113,113	140,803	25,817	28,404
Others	35,087	23,737	4,602	6,051
	<u>676,698</u>	<u>499,054</u>	100,447	135,456
Unallocated corporate administrative expenses			(17,571)	(13,744)
Operating profit			<u>82,876</u>	<u>121,712</u>

The activities of the Group are primarily carried out in the People's Republic of China ("PRC"). An analysis of the Group's turnover and operating profits by geographical segments is as follows:

	Turnover		Operating profit	
	Six months ended 30 June 2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000	Six months ended 30 June 2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
By geographical areas:				
Mainland China	669,211	487,855	97,759	133,123
Hong Kong	7,487	11,199	2,688	2,333
	<u>676,698</u>	<u>499,054</u>	100,447	135,456
Unallocated corporate administrative expenses			(17,571)	(13,744)
Operating profit			<u>82,876</u>	<u>121,712</u>

Interim Results

4 Profit from operating activities

The profit from operating activities was determined after charging the following:

	Six months ended 30 June	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	34,999	26,465
Amortisation of intangible assets	1,194	1,194
Amortisation of infrastructure project investment	2,240	2,186
Provision for diminution in value of properties under development	7,500	-
	<u>7,500</u>	<u>-</u>

5 Finance costs

	Six months ended 30 June	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
Bank and other borrowings	53,896	33,604
Convertible bonds	5,010	6,133
Accretion of convertible bond premium on redemption	30,110	36,090
Amortisation of convertible bond issue expenses	2,922	3,144
	<u>91,938</u>	<u>78,971</u>
Total finance costs	91,938	78,971
Less: Amounts capitalised under properties development projects	(5,658)	(11,651)
	<u>86,280</u>	<u>67,320</u>

Interim Results

6 Tax

	Six months ended 30 June	
	2001	2000
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision for tax:		
Hong Kong, PRC	402	2,000
Elsewhere, PRC	3,982	1,668
Deferred PRC Enterprise Income Tax	9,274	8,888
	<u>13,658</u>	<u>12,556</u>
Associates	<u>18,648</u>	<u>10,633</u>
Tax charge for the period	<u><u>32,306</u></u>	<u><u>23,189</u></u>

Hong Kong Profits tax is provided at the rate of 16% (2000: 16%) on the estimated assessable profit arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the PRC are calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The provision for deferred tax represents timing differences in respect of profits on the pre-sales of properties under development for sale.

7 Earnings per share

The calculation of basic earnings per share was based on the net profit attributable to shareholders of HK\$162,335,000 (2000:HK\$118,730,000) and the weighted average of 1,081,839,227 shares in issue during the period (2000: 1,076,500,000 shares).

The calculation of diluted earnings per share for the period was based on the net profit attributable to shareholders of HK\$162,335,000. The weighted average number of ordinary shares used in the calculation is the 1,081,839,227 shares in issue during the period, as used in basic earnings per share and the weighted average of 16,866,116 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period. The convertible bonds have not been included in the calculation of diluted earnings per share for the period since their effects are anti-dilutive.

Interim Results

7 Earnings per share (Continued)

The calculation of diluted earnings per share for the period ended 30 June 2000 was based on the adjusted profit for the period of HK\$123,830,000 and the diluted weighted average number of 1,174,292,338 shares in issue during the period. The diluted weighted average number of shares has been calculated after taking into account of the outstanding convertible bonds and share options as of 30 June 2000. The effect of the dilutive potential ordinary shares resulting from the outstanding convertible bonds on the weighted average number of share in issue during the period was 97,792,338 shares. Because of the exercise prices of the outstanding share options of the Company were greater than the market price of the Company during the period ended 30 June 2000, no diluted earnings per share on option was calculated for the period.

8 Transfer to reserve

	Six months ended 30 June	
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Transfer from income statement to capital reserve arising from deemed disposal of an associate	<u>92,763</u>	<u>-</u>

9 Accounts receivable

The ageing analysis of accounts receivable was as follows:

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Audited) HK\$'000
	Within 1 year	123,814
1 to 2 years	15,981	6,467
2 to 3 years	429	508
Over 3 years	489	23,104
Total	<u>140,713</u>	82,755
Less: Provisions for bad and doubtful debts	<u>(12,260)</u>	<u>(19,828)</u>
	<u>128,453</u>	<u>62,927</u>

Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balance are regularly reviewed by management.

Interim Results

10 Accounts payable

The ageing analysis of accounts payable was as follows:

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Audited) HK\$'000
Within 1 year	18,287	24,556
1 to 2 years	2,340	494
2 to 3 years	335	442
Over 3 years	35,207	35,227
	<u>56,169</u>	<u>60,719</u>
Total	<u><u>56,169</u></u>	<u><u>60,719</u></u>

11 Interest-bearing bank and other borrowings

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Audited) HK\$'000
Bank loans:		
Secured	200,218	137,046
Unsecured	1,161,827	1,080,162
	<u>1,362,045</u>	<u>1,217,208</u>
Convertible bonds	1,030,406	1,091,725
	<u>2,392,451</u>	<u>2,308,933</u>
Bank and other borrowings repayable:		
Within one year	575,413	687,635
In the second year	1,076,038	1,621,298
In the third to fifth years, inclusive	741,000	-
	<u>2,392,451</u>	<u>2,308,933</u>
Portion classified as current liabilities	<u>(575,413)</u>	<u>(687,635)</u>
Long term portion	<u><u>1,817,038</u></u>	<u><u>1,621,298</u></u>

Interim Results

12 Commitments

	30 June	31 December
	2001	2000
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Commitments in respect of acquisition of land and buildings, and development costs attributable to properties to properties under development:		
– Authorised, but not contracted for	14,133	183,978
– Contracted, but not provided for	107,370	123,695
	<u>121,503</u>	<u>307,673</u>

13 Contingent liabilities

	30 June	31 December
	2001	2000
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
(i) Guarantees given to the holders of convertible bonds	810,927	885,894
(ii) Guarantees given to banks for housing loans extended by the banks to the purchasers of the Group's properties	784,145	602,973

Interim Results

14 Related party transactions

The Group had the following material transactions with related parties during the period:

	Six months ended 30 June	
	2001	2000
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Acquisition of subsidiaries and associates from ultimate holding company	—	165,000
	<u> </u>	<u> </u>

The consideration was determined by reference to the valuation of comparable companies.

15 Pledge of assets

Certain of the Group's bank loans outstanding as at 30 June 2001 were secured by:

- (i) certain of the Group's land and buildings and properties under development which have an aggregate net book value of approximately HK\$43,506,000 (31 December 2000: HK\$43,636,000), and investment properties of the Group with an aggregate net book value of approximately HK\$293,496,000 (31 December 2000: HK\$293,496,000);
- (ii) certain of the vehicle licenses of the Group with a net book value of HK\$3,138,000 (31 December 2000: HK\$3,151,000);
- (iii) bank deposits of HK\$48,900,000 (31 December 2000: Nil).

16 Comparative figures

For the period ended 30 June 2000, written back of accretion of convertible bond premium on redemption upon the repurchase of convertible bonds amounting to HK\$4,178,000 was reclassified from finance costs to surplus arising from repurchase of convertible bonds as in the opinion of the directors, such reclassification would produce a more appropriate presentation of the Group's results.

Business Review

During the first half of 2001, the Group continued to maintain good performance. Its overall net profit recorded a significant increase over the corresponding period of last year. In the wake of the increasing challenge of keen market competition, the profit contribution of the Group's core businesses, namely property, transportation and infrastructure, remained at more or less the same level as last year's. In the beginning of the year, the Group successfully completed the spin-off of Goldfield Industries, a specialty property company, in the 'A' share stock market of the PRC, which generated considerable gain to the Group. The Group's turnover for the first half of 2001 amounted to HK\$677 million which represented an increase of 36%. The net profit attributable to shareholders amounted to HK\$162 million which represented an increase of 37%.

Property Developments and Investment

In the first half of 2001, the Group continued to focus on Shenzhen as the prime location for property development and had expanded the magnitude of the development activities. Performing well in selling and letting of the property activities, the Group recorded a turnover of HK\$528 million and an operating profit of HK\$70 million, in which profit contribution of Shenzhen's property development was at level similar to the corresponding period of last year. In response to market conditions, the Group scaled down projects of property development outside of Shenzhen, for which provision for losses had been made during the current period based on prudent financial practice. Major properties for sale in Shenzhen during the period included residential units namely, Phase II of Shum Yip Garden, Caitian Garden, Bai He Shan Zhuang, Tianan Golf Sea View Garden, as well as industrial and commercial units locating in Che Gong Miao Industrial Zone namely, Cang Song Building and Tianan Innovation Technologies Square. Due to growing competition in the PRC property market, the Group applied the sale strategy of lower margin in some of the development projects so as to speed up recovery of working capital. As a result, the rate of growth of turnover was higher than that of the gross profit. During the period, the Group spinned off its specialty property development company, Goldfield Industries, in the 'A' share stock market of the PRC, which generated considerable gain to the Group.

Business Review

Transportation Service

In the first half of 2001, the transportation business of the Group recorded turnover of HK\$113 million and the operating profit of HK\$26 million. The cross-border transportation activities showed signs of growth potential. The contribution from the operation of taxi services in Shenzhen and Shenyang remained steady. However, the inter-city shuttle bus services between cities of Guangdong Province generated less profit than the corresponding period of last year. Despite unfavorable conditions of the domestic transportation market from growing competition during the period, the transportation business of the Group managed to attain the profit level similar to that of last year by maintaining professional management as well as service standard of quality and safety.

Investment in Infrastructure

With increasing demand for electricity in Guangdong Province, the performance of the Group's investment in infrastructure project of Mawan Power Plant of Shenzhen was satisfactory that considerable return was generated to the Group. In the first half of 2001, the profit contribution of investment in infrastructure amounted to HK\$37 million. Currently, the Group is resolving by legal procedures the disputes arising from contract violation of the other venture party of the Panzhuhua Power project. Significant progress has been made.

Information Technology

Last year, the Group acquired from its parent company the 21.1% equity interest in Shenzhen Topway Video Communication Co., Ltd. The profit contribution for the first half of 2001 was HK\$6 million. On 24 April 2001, the Group's investment project of multimedia e-station in Shenzhen commenced operation. The project has received strong support from the Shenzhen Municipal Government as one of the major IT infrastructure development projects of Shenzhen.

Prospects

The Group will enlarge the scale of investment in its core businesses. It will actively acquire more quality land bank in Shenzhen and will engage in developing middle to high-end residential as well as industrial and commercial projects. As anticipated, the large-scale property projects in Shenzhen and Beijing to be developed by the Group's subsidiaries and associates are promising. The transportation business will strike on getting more profitable operating routes in Guangdong Province and will increase the acquisition of more cross-border cargo transportation licences. At the same time, the Group is trying its best to grasp the opportunities emerging from increasing demand of electricity in Guangdong Province by enlarging investment in electricity power projects and exploring new business in the arena of infrastructure and public utility.

The Group's subsidiary, Shum Yip Logistics Group, has basically completed the requirement of one-year nourish period in the preparation for listing in the 'A' share stock market of the PRC. Presently, it is undergoing procedures of the application for listing approval. Should the spin-off and listing be successful, considerable gain will be generated to the Group.

Bringing forth by the policy of Shenzhen of developing new high-tech industry, the Group is actively discussing with the relevant authorities of Shenzhen to start up projects of the new high-tech industrial park of Shenzhen. By so doing, the Group is aiming at direct participation in the industry of new high-tech inventions and will tap new area of business expansion for the Group.

In view of the impending accession of the PRC into the World Trade Organization, Beijing's successful bid for hosting 2008 Olympic Games and the implementation of Shenzhen's policy of new high-tech industrialization, the management of the Group anticipates that Shenzhen's economy will continue to keep up with high growth. They are optimistic about the prospects of the Group.

Financial Position

As of 30 June 2001 the financial position of the Group remained stable and sound. The net assets was HK\$2,454 million. Cash on hand was approximately HK\$1,752 million. Total borrowings stood at HK\$2,392 million which comprised long-term borrowings of HK\$1,817 million (including convertible bonds). The ratio of net borrowings to net assets was 26.1%. During the period, the Group redeemed and cancelled the 1.2% convertible bonds due in 2002 with a nominal value of approximately US\$9.8 million and incurred a profit of HK\$2.8 million, which was decreased as compared to HK\$4.8 million of last year.

Directors' Interests in Shares

At 30 June 2001, none of the directors, chief executives or their associates had any personal, family, corporate or other interests in the shares of the Company or any of its associated corporations as defined in the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance").

Pursuant to an ordinary resolution passed on 12 February 1997, a share option scheme was adopted whereby the directors of the Company, at their discretion, are authorised to invite employees of any member of the Group, including directors of any member of the Group, to take up options to subscribe for shares not exceeding 10 per cent of the issued share capital of the Company. Options issued under the Scheme are exercisable for a period up to three and a half years following the date of grant or to the expiry date of the Scheme, whichever is earlier.

At 8 January 2001, options totalled 30,000,000 shares, representing approximately 2.78 per cent of the issued share capital of the Company had been granted under the share option scheme. As at 30 June 2001, the director's interests in options to subscribe for the Company's shares as recorded in the register required to be kept under Section 29 of the SDI Ordinance were as follows:

Name of director	Date granted	Option exercisable period	Subscription price per share	Number of Shares Issuable under options granted
SONG Zhiwang	15/5/2000	15/12/2000-14/12/2003	HK\$1.36	2,000,000

During the period under review, 5,800,000 of these options have been exercised.

Directors' Rights to Acquire Shares

Saved as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or its associated corporations and none of the directors, or their spouse or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

Substantial Shareholders

As at 30 June 2001, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance.

Name	Number of shares held	%
Shum Yip Holdings Company Limited	615,478,000	56.71

Saved as disclosed above, the Company has not been notified of any other interests representing 10% or more of the issued share capital of the Company.

Interim Dividend

The directors of the Company have resolved to declare an interim dividend of HK3.00 cents per share for the six months ended 30 June 2001 (2000: HK 3.00 cents). The total dividends will be HK\$32,559,000 (2000: HK\$32,295,000). The dividend will be payable on 31 October 2001 to shareholders whose names appear on the Register of Members on 23 October 2001.

Closure of Register of Members

The Register of Members of the Company will be closed from 23 October 2001 (Tuesday), to 26 October 2001 (Friday) (both dates inclusive). In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrar, Standard Registrars Limited, 5th floor, Wing On Centre, 111 Connaught Road Central, Hong Kong no later than 4 p.m. on 22 October 2001 (Monday).

Purchase, Sale or Redemption of the Company's Listed Securities

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

During the period, the wholly owned subsidiary of the Group redeemed and cancelled convertible bonds with a nominal value of approximately HK\$76.7 million (US\$9.8 million).

Code of Best Practice

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that the non-executive directors are not appointed for a specific term as they are subject to retirement by rotation at Annual General Meeting in accordance with the Company's Articles of Association.

Publication of interim results on The Stock Exchange's Website

In addition to the interim results announcement of 21 September 2001, all the information required to be disclosed under paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

Appreciation

On behalf of the Board, I would like to take this opportunity to extend my gratitude to all shareholders, the public and our employees of the Group for their unfailing support, assistance and dedication.

By Order of the Board
Song Zhiwang
Chairman

Hong Kong, 21 September 2001