



# **PEARL RIVER TYRE (HOLDINGS) LIMITED**

*(Registered under the Companies Act 1981 of Bermuda with limited liability)*

*(A.R.B.N. 067 062 408)*

**INTERIM REPORT 2002**

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(Registered under the Companies Act 1981 of Bermuda with limited liability)

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## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2002

The Board of Directors of Pearl River Tyre (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its controlled entities (the “Group”) for the six month period ended 30 June 2002 (the “current period”) together with the comparative figures for the corresponding period last year (the “corresponding period”).

This interim financial report is to be read in conjunction with the most recent annual financial report.

### CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE/INCOME STATEMENTS

		Six Months Ended 30 June		Six Months Ended 30 June	
	Note	2002	2001	2002	2001
		HK\$'000	HK\$'000	A\$'000	A\$'000
Revenue from ordinary activities	3	201	4,295	48	1,029
Employee benefits expense		(1,050)	(673)	(250)	(161)
Depreciation expense		(69)	(68)	(16)	(16)
Other expenses from ordinary activities	4	(3,260)	(3,880)	(779)	(930)
Share of net profit/(loss) of the Joint Venture and associate entity accounted for using the equity method	5	10,756	(1,872)	2,592	(423)
Profit/(Loss) from ordinary activities before income tax expense	6	6,578	(2,198)	1,595	(501)
Income tax expense		—	—	—	—
Profit/(Loss) from ordinary activities after income tax expense		6,578	(2,198)	1,595	(501)
Exchange differences arising from the translation of the financial statements of the Joint Venture and associate entity		1,074	(4,522)	(5,876)	5,230
Share of adjustment on change in accounting policy by the Joint Venture for provision for warranty claims		(3,643)	—	(829)	—
Total changes in equity other than those resulting from transactions with owners as owners		4,009	(6,720)	(5,110)	4,729
Basic earnings/(loss) per share (Hong Kong cents/Australian cents)	7	6.3	(2.1)	1.5	(0.5)

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION/BALANCE SHEETS

		At 30 June 2002 <i>HK\$'000</i>	At 31 December 2001 <i>HK\$'000</i>	At 30 June 2002 <i>A\$'000</i>	At 31 December 2001 <i>A\$'000</i>
<i>Note</i>					
<b>CURRENT ASSETS</b>					
Cash assets		16,882	13,129	3,842	3,292
Receivables		8,074	16,287	1,838	4,084
Other financial assets	8	–	5,304	–	1,330
<b>TOTAL CURRENT ASSETS</b>		24,956	34,720	5,680	8,706
<b>NON-CURRENT ASSETS</b>					
Investments accounted for using the equity method	9	274,435	267,568	62,080	65,556
Other financial assets	8	14,907	8,226	3,393	2,063
Plant and equipment		755	751	172	188
Others		–	56	–	14
<b>TOTAL NON-CURRENT ASSETS</b>		290,097	276,601	65,645	67,821
<b>TOTAL ASSETS</b>		315,053	311,321	71,325	76,527
<b>CURRENT LIABILITIES</b>					
Payables		(866)	(1,151)	(197)	(289)
Provisions		(91)	(83)	(21)	(21)
<b>TOTAL CURRENT LIABILITIES</b>		(957)	(1,234)	(218)	(310)
<b>NET ASSETS</b>		<u>314,096</u>	<u>310,087</u>	<u>71,107</u>	<u>76,217</u>
<b>EQUITY</b>					
Contributed equity		110,716	110,716	21,024	21,024
Reserves	12	166,079	165,005	45,026	50,902
Retained profits		37,301	34,366	5,057	4,291
<b>SHAREHOLDERS' EQUITY</b>	6	<u>314,096</u>	<u>310,087</u>	<u>71,107</u>	<u>76,217</u>
<i>Note:–</i>					
Net current assets (being current assets minus current liabilities)		23,999	33,486	5,462	8,396

**CONSOLIDATED STATEMENTS OF CASH FLOWS***(prepared in accordance with Hong Kong GAAP)*

	<b>Six Months</b>	
	<b>Ended 30 June</b>	
	<b>2002</b>	<b>2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NET CASH OUTFLOW FOR OPERATING ACTIVITIES</b>	(4,757)	(737)
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		
Dividends received from the Joint Venture	6,611	6,329
Other dividends received	102	196
Interest received	76	272
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	6,789	6,797
<b>INVESTING ACTIVITIES</b>		
Purchase of equity investments	–	(249)
Proceeds from sale of equity investments	–	1,541
Purchase of equity interest in associate entity	–	(552)
Advance to associate entity	–	(2,661)
Repayment from the Joint Venture	207	40
<b>NET CASH INFLOW FROM/(OUTFLOW FOR) INVESTING ACTIVITIES</b>	207	(1,881)
<b>NET CASH INFLOW BEFORE FINANCING ACTIVITY</b>	2,239	4,179
<b>NET CASH INFLOW FROM FINANCING ACTIVITY</b>		
Advance from a director	23	28
<b>NET INCREASE IN CASH HELD</b>	2,262	4,207
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	13,129	11,702
<b>EXCHANGE RATE ADJUSTMENT</b>	1,491	(1,171)
<b>CASH AT THE END OF THE PERIOD</b>	<u>16,882</u>	<u>14,738</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS***(prepared in accordance with Australian GAAP)*

	<b>Six Months</b>	
	<b>Ended 30 June</b>	
	<b>2002</b>	<b>2001</b>
	<i>A\$'000</i>	<i>A\$'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(1,125)	(180)
Dividends received from the Joint Venture	1,578	1,516
Other dividends received	25	47
Interest received	18	66
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	496	1,449
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>		
Purchase of equity investments	–	(60)
Proceeds from sale of equity investments	–	369
Purchase of equity interest in associate entity	–	(132)
Advance to associate entity	–	(638)
Repayment from the Joint Venture	49	10
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>	49	(451)
<b>NET CASH PROVIDED BY FINANCING ACTIVITY</b>		
Advance from a director	5	7
<b>NET INCREASE IN CASH HELD</b>	550	1,005
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	3,292	2,688
<b>CASH AT THE END OF THE PERIOD</b>	<u>3,842</u>	<u>3,693</u>

## CONSOLIDATED STATEMENTS OF RECOGNISED GAINS AND LOSSES

	Six Months Ended 30 June		Six Months Ended 30 June	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>A\$'000</i>	<i>A\$'000</i>
Exchange differences arising from the translation of the financial statements of the Joint Venture and associate entity	1,074	(4,522)	(5,876)	5,230
Share of adjustment on change in accounting policy by the Joint Venture for provision for warranty claims	(3,643)	–	(829)	–
(Losses)/Gains not recognised in the consolidated statements of financial performance/income statements	(2,569)	(4,522)	(6,705)	5,230
Profit/(Loss) from ordinary activities after income tax expense	6,578	(2,198)	1,595	(501)
Total consolidated recognised gains/(losses) for the current/ corresponding period	4,009	(6,720)	(5,110)	4,729

## 1. BASIS OF PRESENTATION

The unaudited interim financial statements of the Group are a general purpose financial report that has been prepared in accordance with Statement of Standard Accounting Practice 25 – Interim Financial Reporting and Accounting Standard AASB 1029 – Interim Financial Reporting issued by the Hong Kong Society of Accountants and the Australian Accounting Standards Board respectively.

The accounting policies used in preparing the unaudited interim financial statements of the Group are consistent with those adopted in the 2001 annual financial statements except as explained in Note 10 below in relation to the provision for warranty claims in the financial statements of the Joint Venture.

## 2. SEGMENTAL INFORMATION

	The PRC HK\$'000	Six Months Ended 30 June 2002/2001			Total HK\$'000
		Australia HK\$'000	Singapore HK\$'000	Malaysia HK\$'000	
2002					
Revenue from external customers	–	–	176	25	201
Consolidated profit/(loss) before income tax expense	6,149	–	(947)	1,376	6,578
2001					
Revenue from external customers	245	–	2,980	1,070	4,295
Consolidated (loss)/profit before income tax expense	(5,057)	–	861	1,998	(2,198)
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
2002					
Revenue from external customers	–	–	42	6	48
Consolidated profit/(loss) before income tax expense	1,493	–	(226)	328	1,595
2001					
Revenue from external customers	59	–	714	256	1,029
Consolidated (loss)/profit before income tax expense	(1,186)	–	206	479	(501)

## 3. REVENUE FROM ORDINARY ACTIVITIES

	Six Months Ended 30 June		Six Months Ended 30 June	
	2002 HK\$'000	2001 HK\$'000	2002 A\$'000	2001 A\$'000
Securities listed on prescribed stock exchanges outside Australia and Hong Kong				
– Dividends received and receivable	104	196	25	47
– Proceeds from sale	–	1,541	–	369
Gain on foreign exchange	–	2,283	–	547
Interest received and receivable from financial institutions	97	275	23	66
	201	4,295	48	1,029

#### 4. OTHER EXPENSES FROM ORDINARY ACTIVITIES

Other expenses from ordinary activities include finance cost of HK\$5,000 or A\$1,000 (30 June 2001 – HK\$4,000 or A\$1,000).

#### 5. SHARE OF NET PROFIT/(LOSS) OF THE JOINT VENTURE AND ASSOCIATE ENTITY

	Six Months Ended 30 June		Six Months Ended 30 June	
	2002 HK\$'000	2001 HK\$'000	2002 A\$'000	2001 A\$'000
Total share of profit/(loss) before income tax				
– the Joint Venture	5,922	(2,839)	1,439	(655)
– associate entity	2,351	967	561	232
	<u>8,273</u>	<u>(1,872)</u>	<u>2,000</u>	<u>(423)</u>
Total share of income tax				
– the Joint Venture	3,141	–	749	–
– associate entity	(658)	–	(157)	–
	<u>2,483</u>	<u>–</u>	<u>592</u>	<u>–</u>
Total share of net profit/(loss) of the Joint Venture and associate entity	<u>10,756</u>	<u>(1,872)</u>	<u>2,592</u>	<u>(423)</u>

The results of the associate entity, Omega Semiconductor Sendirian Berhad (“Omega”), have been accounted for using the equity method based on the unaudited financial statements of Omega made up from 1 January 2002 to 30 June 2002. The income tax applied to the results of the operations of Omega is at 28%.

The share of income tax of the Joint Venture comprises amounts set aside as follows:–

	Six Months Ended 30 June		Six Months Ended 30 June	
	2002 HK\$'000	2001 HK\$'000	2002 A\$'000	2001 A\$'000
Taxation applicable to current period	(1,179)	–	(281)	–
Future income tax benefits	4,320	–	1,030	–
	<u>3,141</u>	<u>–</u>	<u>749</u>	<u>–</u>

#### 6. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE/ SHAREHOLDERS' EQUITY

According to the Australian GAAP, the discount arising on consolidation of approximately A\$763,000, representing the excess of fair values of the identifiable net assets of the Joint Venture acquired over the purchase consideration, was applied to notionally reduce the Group's share of the Joint Venture's property, plant and equipment. A notional adjustment has been made to the profit of the Joint Venture to then reflect a revision in depreciation expense arising from the above notional adjustment to property, plant and equipment. The Group has equity accounted its share of the notionally adjusted profit of the Joint Venture.

This differs from the method used under the Hong Kong GAAP where no notional adjustment to fair values of assets acquired is made in respect of an acquisition discount. Instead, the discount is credited directly to reserves.



A reconciliation of the profit/(loss) from ordinary activities and shareholders' equity showing the difference between the financial statements prepared in accordance with the respective Australian GAAP and Hong Kong GAAP is as follows:-

	<b>Six Months Ended</b>	
	<b>30 June</b>	
	<b>2002</b>	<b>2001</b>
Profit/(Loss) from ordinary activities in A\$'000 as prepared under Australian GAAP	<u>1,595</u>	<u>(501)</u>
Profit/(Loss) from ordinary activities in HK\$'000 equivalent	6,685	(2,092)
Reversal of notional adjustment applied under Australian GAAP	<u>(107)</u>	<u>(106)</u>
Profit/(Loss) from ordinary activities in HK\$'000 restated to conform with Hong Kong GAAP	<u>6,578</u>	<u>(2,198)</u>
	<b>At</b>	<b>At</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2002</b>	<b>2001</b>
Shareholders' equity in A\$'000 as prepared under Australian GAAP	<u>71,107</u>	<u>76,217</u>
Shareholders' equity in HK\$'000 equivalent	310,745	302,542
Acquisition discount credited to reserves	<u>3,351</u>	<u>7,545</u>
Shareholders' equity in HK\$'000 restated to conform with Hong Kong GAAP	<u>314,096</u>	<u>310,087</u>

## 7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the consolidated profit after taxation of HK\$6,578,000 or A\$1,595,000 (30 June 2001 – consolidated loss after taxation of HK\$2,198,000 or A\$501,000) for the current period and on 105,116,280 ordinary shares of A\$0.20 each in issue during the current period.

There is no dilutive effect on the basic earnings/(loss) per share for the current period and the corresponding period.

## 8. OTHER FINANCIAL ASSETS

	<b>At 30</b>	<b>At 31</b>	<b>At 30</b>	<b>At 31</b>
	<b>June</b>	<b>December</b>	<b>June</b>	<b>December</b>
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>A\$'000</i>	<i>A\$'000</i>
<b>CURRENT</b>				
Investment in 8% convertible notes	<u>–</u>	<u>5,304</u>	<u>–</u>	<u>1,330</u>
<b>NON-CURRENT</b>				
Investment in 8% convertible notes	5,844	–	1,330	–
Securities listed on prescribed stock exchanges outside Australia and Hong Kong	<u>9,063</u>	<u>8,226</u>	<u>2,063</u>	<u>2,063</u>
	<u>14,907</u>	<u>8,226</u>	<u>3,393</u>	<u>2,063</u>

The investment in 8% convertible notes is stated at cost whilst the securities in listed corporations are stated at fair values.

## 9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	At 30 June 2002 <i>HK\$'000</i>	At 31 December 2001 <i>HK\$'000</i>	At 30 June 2002 <i>A\$'000</i>	At 31 December 2001 <i>A\$'000</i>
Investment in the Joint Venture	256,339	255,296	57,962	62,479
Investment in associate entity	18,096	12,272	4,118	3,077
	<u>274,435</u>	<u>267,568</u>	<u>62,080</u>	<u>65,556</u>

The investments are stated at cost and adjusted to reflect changes in the Group's share of the net assets of the Joint Venture and the associate entity. Information relating to the Joint Venture and the associate entity are set out in Notes 10 and 11, respectively.

## 10. INVESTMENT IN THE JOINT VENTURE

Particulars of the Joint Venture are as follows:–

Name	Place/Date of Incorporation/ Establishment	Authorised/ Issued and Fully Paid Share Capital	Attributable Equity Interest		Principal Activities
			2002	2001	
<i>Joint Venture</i>					
Guangzhou Pearl River Rubber Tyre Limited	The People's Republic of China (the "PRC")/ 11 December 1993	US\$63,236,666/ US\$43,202,166	70%	70%	Manufacture and sales of bias tyres

The Joint Venture was established as a Sino-foreign joint venture under the Chinese Joint Venture Law. The Joint Venture is 70% owned by Carham Assets Limited (a wholly-owned controlled entity of the Company) and 30% owned by Guangzhou Guang Xiang Tyre Enterprise Group Company Limited, a state-owned enterprise, established in Guangzhou, the PRC.

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2002 <i>A\$'000</i>	2001 <i>A\$'000</i>
<b>The movement in the carrying amount of investment in the Joint Venture is as follows:–</b>				
At 1 January	255,296	258,107	62,479	58,826
Share of adjustment on change in accounting policy for provision for warranty claims	(3,643)	–	(829)	–
Share of movement in reserves:–				
– net profit	9,063	6,611	2,188	1,636
– dividends proposed	–	(13,189)	–	(3,306)
– translation reserve	(4,377)	3,767	(5,876)	5,323
At 30 June / 31 December	<u>256,339</u>	<u>255,296</u>	<u>57,962</u>	<u>62,479</u>

	2002 HK\$'000	2001 HK\$'000	2002 A\$'000	2001 A\$'000
<b>The controlled entity's share of the Joint Venture's assets and liabilities are as follows:-</b>				
Current assets	174,918	161,505	39,812	40,497
Non-current assets	230,483	237,144	52,076	57,927
Current liabilities	<u>(149,062)</u>	<u>(143,353)</u>	<u>(33,926)</u>	<u>(35,945)</u>
Net assets at 30 June / 31 December	<u>256,339</u>	<u>255,296</u>	<u>57,962</u>	<u>62,479</u>

**The controlled entity's share of the Joint Venture's reserves are as follows:-**

<b>(i) Retained profits/(Accumulated losses)</b>				
At 1 January	332	6,910	(7,910)	(6,240)
At 30 June / 31 December	<u>5,752</u>	<u>332</u>	<u>(6,551)</u>	<u>(7,910)</u>
<b>(ii) Revaluation reserve</b>				
At 1 January	6,418	6,418	1,500	1,500
At 30 June / 31 December	<u>6,418</u>	<u>6,418</u>	<u>1,500</u>	<u>1,500</u>
<b>(iii) Translation reserve</b>				
At 1 January	26,721	22,954	25,697	20,374
At 30 June / 31 December	<u>22,344</u>	<u>26,721</u>	<u>19,821</u>	<u>25,697</u>

For better understanding of the Group's operating results, the results of the Joint Venture for the current period together with the comparative figures for the corresponding period are set out below:-

	Six Months Ended 30 June		Six Months Ended 30 June	
	2002 HK\$'000	2001 HK\$'000	2002 A\$'000	2001 A\$'000
Revenue from ordinary activities	<u>275,926</u>	<u>238,621</u>	<u>65,839</u>	<u>57,193</u>
Profit/(Loss) from ordinary activities before income tax expense	8,460	(4,056)	2,018	(972)
Income tax expense	<u>4,488</u>	<u>–</u>	<u>1,071</u>	<u>–</u>
Profit/(Loss) from ordinary activities after income tax expense	<u>12,948</u>	<u>(4,056)</u>	<u>3,089</u>	<u>(972)</u>

**The controlled entity's share of the Joint Venture's revenue and expenses are as follows:-**

Revenue	193,148	167,035	46,087	40,035
Expenses	<u>(187,226)</u>	<u>(169,874)</u>	<u>(44,648)</u>	<u>(40,690)</u>
Profit/(Loss) before income tax expense	5,922	(2,839)	1,439	(655)
Income tax expense	<u>3,141</u>	<u>–</u>	<u>749</u>	<u>–</u>
Profit/(Loss) after income tax expense	<u>9,063</u>	<u>(2,839)</u>	<u>2,188</u>	<u>(655)</u>

Following the requirements of AASB 1044 – Provisions, Contingent Liabilities and Contingent Assets issued by the Australian Accounting Standards Board, a provision of HK\$5,205,000 or A\$1,184,000, net of the related future income tax benefits, has been recognised in the Joint Venture’s financial statements for estimated warranty claims in respect of products sold. The adoption of this accounting standard has the effect of increasing the accumulated losses at the beginning of the current period in accordance with the transitional provisions in that standard. The Group’s share of this provision is 70%, i.e. HK\$3,643,000 or A\$829,000.

## 11. INVESTMENT IN THE ASSOCIATE ENTITY

Particulars of the associate entity are as follows:–

Name	Place/Date of Incorporation/ Establishment	Authorised/ Issued and Fully Paid Share Capital	Attributable Equity Interest		Principal Activities
			2002	2001	
<i>Associate Entity</i>					
Omega	Malaysia/ 25 November 1993	RM5,000,000/ RM2,528,100	28.4%	26.1%	Sub-contracting of assembly works of integrated circuits and transistors
		<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>A\$'000</i>	<i>A\$'000</i>

### The movement in the carrying amount of investment in the associate entity is as follows:–

At 1 January	12,272	11,152	3,077	2,562
New capital invested	2,673	552	637	132
	14,945	11,704	3,714	2,694
Share of net profit	1,693	1,599	404	383
Exchange rate adjustment	1,458	(1,031)	–	–
At 30 June / 31 December	18,096	12,272	4,118	3,077

	Six Months Ended 30 June		Six Months Ended 30 June	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>A\$'000</i>	<i>A\$'000</i>

### The controlled entity’s share of the results of the associate entity are as follows:–

Operating profit before income tax expense	2,351	967	561	232
Income tax expense	(658)	–	(157)	–
Operating profit after income tax expense	1,693	967	404	232
Retained profits attributable to the associate entity at 1 January	1,992	393	468	85
Retained profits attributable to the associate entity at 30 June	3,685	1,360	872	317

	2002	2001	2002	2001
	HK\$'000	HK\$'000	A\$'000	A\$'000

**Summary of the financial performance and financial position of the associate entity**

The aggregate profits, assets and liabilities are:-

- net profit for the current period/ financial year ended 31 December	5,960	6,233	1,422	1,494
- total assets at 30 June / 31 December	65,221	61,241	14,844	15,356
- total liabilities at 30 June / 31 December	(17,940)	(22,238)	(4,083)	(5,576)

**12. RESERVES**

	At 30 June 2002	At 31 December 2001	At 30 June 2002	At 31 December 2001
	HK\$'000	HK\$'000	A\$'000	A\$'000
Share premium	113,157	113,157	16,505	16,505
Revaluation reserve	6,418	6,418	1,500	1,500
Capital reserves	41,866	41,866	7,200	7,200
Foreign currency translation reserve	4,638	3,564	19,821	25,697
	<u>166,079</u>	<u>165,005</u>	<u>45,026</u>	<u>50,902</u>

**INTERIM DIVIDEND**

No interim dividends are recommended for the current period.

**BUSINESS REVIEW AND PROSPECTS**

The Directors are pleased to announce that the Company has recorded a consolidated profit after tax of A\$1,595,000 (HK\$6,578,000) for the half year to 30 June 2002, as compared to a loss of A\$501,000 (HK\$2,198,000) for the corresponding period last year.

This improvement has been through the implementation of our policies over the last few years, such as the setting up of a strong distribution system, aggressive cost cutting and increased plant efficiency.

The results would have been even better if not for the unforeseen rise in the price of several of our raw materials, the biggest one being natural rubber by approximately 80% since the beginning of the year.

We are currently slowly increasing the prices of our tyres to offset the increase in raw material prices, but as the tyre market in the PRC is extremely price sensitive, we can only do so slowly, and in small increments. We are also in the process of further reducing operating costs and increasing plant efficiency.

We anticipate that the second half of the year will be difficult, but we will continue to try to increase our profit margin by an increase in tyre prices and a reduction in unit cost.

## DIRECTORS' SHAREHOLDINGS

As at 30 June 2002, the interests of the Directors in the equity of the Company as recorded in the registers maintained by the Company were as follows:-

Name	Australia			Hong Kong		
	Personal Interests	Family Interests	Corporate Interests	Personal Interests	Family Interests	Corporate Interests
Ang Guan Seng	100,000	-	-	-	-	38,114,000
Goh Nan Kioh	-	-	-	-	957,790	38,114,000
Sandy Chim Chun Kwan	102,252	-	-	-	-	-
Lim Thian Soo	-	-	-	134,308	-	-

Save as disclosed above, none of the other Directors or their associates held any interest (directly and/or deemed) in the equity of the Company as at 30 June 2002. None of the Directors or their associates had any interest (directly and/or deemed) in the equity in or debt securities of the associated corporations of the Company other than the investment in 8% convertible notes. This investment is held by PRT Capital Pte. Ltd., a wholly-owned controlled entity of the Company in a proprietary limited company incorporated in Australia together with a company which is substantially and collectively owned and controlled by Ang Guan Seng and Goh Nan Kioh.

The Company does not have any listed debt securities.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, the register kept by the Company under Section 16(1) of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") showed that the following persons are interested in 10% or more of the shares:-

Name	Number of Shares	Percentage of Shares Held
Pacific Union Pte Ltd *	37,590,000	35.76%
Kuala Lumpur Kepong Berhad **	32,085,976	30.52%
Batu Kawan Berhad ***	32,085,976	30.52%
Arusha Enterprise Sdn Bhd ***	32,085,976	30.52%
Wan Hin Investments Sdn Bhd ***	32,085,976	30.52%
KL-Kepong International Ltd	24,085,976	22.91%

\* These shares are beneficially owned by Pacific Union Pte Ltd which has been a substantial shareholder of the Company since the shares of the Company were first listed on the Australian Stock Exchange Limited in January 1995. Pacific Union Pte Ltd is an investment holding company which does not have any business other than holding approximately 35.76% interests in the Company. The shares in Pacific Union Pte Ltd are in turn held as to 25% by Goh Nan Kioh, as to 25% by Hoe Seng Co. Pte Ltd (a company associated with Ang Guan Seng) and the balance by independent third parties. Save as disclosed herein, Pacific Union Pte Ltd and its substantial shareholders do not have any interests in or business relations with Kuala Lumpur Kepong Berhad. Ang Guan Seng is the Non-Executive Chairman of the Company while Goh Nan Kioh is the Deputy Chairman of the Company.

\*\* *Kuala Lumpur Kepong Berhad is a company incorporated in Malaysia and listed on the Main Board of the Kuala Lumpur Stock Exchange. It has been a substantial shareholder of the Company since December 1994. Save as disclosed herein, Kuala Lumpur Kepong Berhad and its controlling shareholders do not have any interests in or business relations with Pacific Union Pte Ltd.*

*Ablington Holdings Sdn Bhd is the beneficial owner of 8,000,000 ordinary shares of the Company. Kuala Lumpur Kepong Berhad owns 100% of Ablington Holdings Sdn Bhd and 100% of KL-Kepong International Ltd and is accordingly deemed by the SDI Ordinance to be interested in a total of 32,085,976 ordinary shares beneficially owned by Ablington Holdings Sdn Bhd and KL-Kepong International Ltd.*

\*\*\* *As at 30 June 2002, Kuala Lumpur Kepong Berhad is 44.56% directly owned by Batu Kawan Berhad, which is, in turn, 41.73% directly owned by Arusha Enterprise Sdn Bhd. Wan Hin Investments Sdn Bhd directly owns 77.40% of Arusha Enterprise Sdn Bhd. Accordingly, Batu Kawan Berhad, Arusha Enterprise Sdn Bhd and Wan Hin Investments Sdn Bhd are also deemed by the SDI Ordinance to be interested in the ordinary shares owned by KL-Kepong International Ltd and Ablington Holdings Sdn Bhd as disclosed above.*

*Batu Kawan Berhad, Arusha Enterprise Sdn Bhd and Wan Hin Investments Sdn Bhd are companies incorporated in Malaysia and the shares of Batu Kawan Berhad are listed on the Main Board of the Kuala Lumpur Stock Exchange.*

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its controlled entities, associate entity and the Joint Venture purchased, sold or redeemed any of the Company's listed securities during the current period.

## **COMPLIANCE WITH CODE OF BEST PRACTICE**

None of the Directors are aware of information that would reasonably indicate that the Company is not, or was not for any part of the period under review, in compliance with Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, except that the non-executive directors of the Company were not appointed for specific terms but retire from office on a rotational basis pursuant to the Company's By-laws.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management and the external auditors the unaudited interim financial statements for the current period.

By order of the Board  
**Goh Nan Kioh**  
*Director*

Kuala Lumpur, 6 September 2002