



CHI CHEUNG INVESTMENT COMPANY, LIMITED

至祥置業有限公司

(Incorporated in Hong Kong with limited liability)

Interim Report

For The Six Months

Ended 30th June, 2002

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CORPORATE INFORMATION

Executive Directors:

Thomas Lau, Luen-hung (*Chairman*)

Joseph Lau, Luen-hung

Independent Non-executive Directors:

Eddie Chan, Kwok-wai

Shum, Man-wai

Registered Office:

26th Floor, MassMutual Tower

38 Gloucester Road

Wanchai, Hong Kong

Website:

<http://www.chicheung.com.hk>

INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF CHI CHEUNG INVESTMENT COMPANY, LIMITED *(Incorporated in Hong Kong with limited liability)*

Introduction

We have been instructed by the Directors of the Company to review the interim financial report set out on pages 2 to 9.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of 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 Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of 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 30th June, 2002.

Deloitte Touche Tohmatsu
Certified Public Accountants

6th September, 2002

RESULTS

The Board of Directors of Chi Cheung Investment Company, Limited (the “Company”) would like to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2002 together with the comparative figures for the corresponding period last year as follows :

CONDENSED CONSOLIDATED INCOME STATEMENT For the six months ended 30th June, 2002

| | Six months ended 30th June, | |
|-----------------------------------------------------------------------|-----------------------------|--------------|
| | 2002 | 2001 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Turnover (<i>Note 3</i>) | 1,175 | 2,505 |
| Cost of sales | (657) | (1,380) |
| Gross profit | 518 | 1,125 |
| Other revenue (<i>Note 5</i>) | 256 | 353 |
| Administrative expenses | (1,500) | (1,804) |
| Other operating expenses (<i>Note 7</i>) | (248) | (450) |
| Impairment loss recognised in respect of properties under development | – | (5,000) |
| Loss from operations | (974) | (5,776) |
| Written back of allowance for amount due from an associate | 900 | – |
| Finance costs | (745) | (2,323) |
| Loss before taxation | (819) | (8,099) |
| Taxation (<i>Note 8</i>) | – | 404 |
| Loss transfer to reserve | (819) | (7,695) |
| Loss per share (<i>Note 9</i>) | | |
| Basic | (0.03) cents | (0.26) cents |
| Diluted | N/A | N/A |
| Interim dividend per share | – | – |

CONDENSED CONSOLIDATED BALANCE SHEET
At 30th June, 2002

| | 30th June, 2002 HK\$'000 (Unaudited) | 31st December, 2001 HK\$'000 (Audited) |
|--------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------|
| Non-current assets | | |
| Investment properties (<i>Note 10</i>) | 550 | 48,930 |
| Property and other fixed assets | 786 | 825 |
| Properties under development | 147,080 | 146,500 |
| Other asset | 270 | 270 |
| | <u>148,686</u> | <u>196,525</u> |
| Current assets | | |
| Debtors, deposits and prepayments (<i>Note 11</i>) | 62 | 830 |
| Bank balances and cash | 3,483 | 8,682 |
| | <u>3,545</u> | <u>9,512</u> |
| Current liabilities | | |
| Creditors and accruals (<i>Note 12</i>) | 5,165 | 5,926 |
| Advance from immediate holding company | – | 12,226 |
| Borrowings – due within one year | 12,000 | 52,000 |
| | <u>17,165</u> | <u>70,152</u> |
| Net current liabilities | <u>(13,620)</u> | <u>(60,640)</u> |
| Total assets less current liabilities | <u>135,066</u> | <u>135,885</u> |
| Non-current liabilities | | |
| Loans from minority shareholders of subsidiaries – due after one year | 45,100 | 45,100 |
| Minority interests | <u>(45,100)</u> | <u>(45,100)</u> |
| | <u>135,066</u> | <u>135,885</u> |
| Capital and reserves | | |
| Share capital (<i>Note 13</i>) | 297,131 | 297,131 |
| Reserves | <u>(162,065)</u> | <u>(161,246)</u> |
| | <u>135,066</u> | <u>135,885</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30th June, 2002

| | Share Capital <i>HK\$'000</i> | Share Premium <i>HK\$'000</i> | Accumulated Losses <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|------------------------|---------------------------------------------|---------------------------------------------|--------------------------------------------------|---------------------------------|
| At 1st January, 2001 | 297,131 | 66,250 | (180,866) | 182,515 |
| Loss for the period | — | — | (7,695) | (7,695) |
| At 1st July, 2001 | 297,131 | 66,250 | (188,561) | 174,820 |
| Loss for the period | — | — | (38,935) | (38,935) |
| At 31st December, 2001 | 297,131 | 66,250 | (227,496) | 135,885 |
| Loss for the period | — | — | (819) | (819) |
| At 30th June, 2002 | <u>297,131</u> | <u>66,250</u> | <u>(228,315)</u> | <u>135,066</u> |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30th June, 2002

| | Six months ended 30th June, | |
|----------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|
| | 2002 <i>HK\$'000</i> (Unaudited) | 2001 <i>HK\$'000</i> (Unaudited and restated) |
| Net cash inflow (outflow) from operating activities | 35,049 | (6,762) |
| Net cash (outflow) inflow from investing activities | (248) | 1,552 |
| Net cash outflow from financing | (40,000) | (1,750) |
| Decrease in cash and cash equivalents | (5,199) | (6,960) |
| Cash and cash equivalents at the beginning of the period | 8,682 | 10,468 |
| Cash and cash equivalents at the end of the period | <u>3,483</u> | <u>3,508</u> |
| Analysis of cash and cash equivalents | | |
| Bank balances and cash | <u>3,483</u> | <u>3,508</u> |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of presentation

The condensed financial statements have been prepared on a going concern basis because Chinese Estates Holdings Limited has agreed to provide adequate funds for the Company to meet its financial obligations as they fall due.

The condensed financial statements have been prepared in accordance with SSAP 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

2. Accounting policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2001, except as described below.

In the current period, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants. The adoption of these Standards has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Cash flow statements

In accordance with SSAP 15 (Revised) “Cash Flow Statement”, cash flows are classified under three headings: “cash flows from operating activities”, “cash flows from investing activities”, and “cash flows from financing activities”. Interest and dividends, which were previously presented under a separate heading, should be classified on a consistent basis under either operating, investing or financing activities. Cash flows arising from taxes on income would typically be classified as operating activities, unless they can be separately identified with investing or financing activities.

In addition, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Turnover

Turnover represents the amounts received and receivable from the property rental income.

4. Segment information

Business segments

| | Property development | | Property leasing | | Consolidated | |
|------------------------------------------------------------------|--------------------------------|----------------|--------------------------------|--------------|--------------------------------|----------------|
| | Six months ended 30th June, | | Six months ended 30th June, | | Six months ended 30th June, | |
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment revenue | <u>–</u> | <u>–</u> | <u>1,175</u> | <u>2,505</u> | <u>1,175</u> | <u>2,505</u> |
| Segment result | <u>–</u> | <u>(5,021)</u> | <u>526</u> | <u>(474)</u> | <u>526</u> | <u>(5,495)</u> |
| Unallocated operating expenses | | | | | <u>(1,500)</u> | <u>(281)</u> |
| Loss from operations | | | | | <u>(974)</u> | <u>(5,776)</u> |
| Written back of allowance for amount due from an associate | | | | | <u>900</u> | <u>–</u> |
| Finance costs | | | | | <u>(745)</u> | <u>(2,323)</u> |
| Loss before taxation | | | | | <u>(819)</u> | <u>(8,099)</u> |
| Taxation | | | | | <u>–</u> | <u>404</u> |
| Loss transfer to reserve | | | | | <u>(819)</u> | <u>(7,695)</u> |

Geographical segments

Substantially all of the activities of the Group during the period were carried out in Hong Kong. Accordingly, no geographical analysis of information is presented.

5. Other revenue

| | Six months ended 30th June, | |
|----------------------------|-----------------------------|------------|
| | 2002 | 2001 |
| | HK\$'000 | HK\$'000 |
| Property management income | <u>200</u> | <u>217</u> |
| Others | <u>56</u> | <u>136</u> |
| | <u>256</u> | <u>353</u> |

6. Staff expenses and depreciation

| | Six months ended 30th June, | |
|-------------------------|-----------------------------|------------|
| | 2002 | 2001 |
| | HK\$'000 | HK\$'000 |
| Staff expenses | | |
| Administrative expenses | <u>174</u> | <u>96</u> |
| Property expenses | <u>–</u> | <u>185</u> |
| | <u>174</u> | <u>281</u> |
| Depreciation | | |
| Administrative expenses | <u>40</u> | <u>75</u> |

7. Other operating expenses

| | Six months ended 30th June, | |
|--------------------------------------------|------------------------------------|-----------------|
| | 2002 | 2001 |
| | HK\$'000 | HK\$'000 |
| Loss on disposal of property held for sale | – | 450 |
| Loss on disposal of investment property | 248 | – |
| | <u>248</u> | <u>450</u> |

8. Taxation

| | Six months ended 30th June, | |
|--------------------------------|------------------------------------|-----------------|
| | 2002 | 2001 |
| | HK\$'000 | HK\$'000 |
| The credit (charge) comprises: | | |
| Company and subsidiaries | | |
| Hong Kong profits tax | | |
| Overprovision for prior years | – | 511 |
| Provision for the period | – | (107) |
| | <u>–</u> | <u>404</u> |

No provision for Hong Kong profits tax has been made for the period as the Group did not have any assessable profits.

At 30th June, 2002, the Group had potential deferred taxation assets principally resulting from estimated tax losses. The potential deferred taxation asset has not been recognised in the condensed financial statements as it is not certain that the benefit will be realised in the foreseeable future.

9. Loss per share

The calculation of the basic loss per share is based on the loss attributable to shareholders for the period of HK\$819,000 (period ended 30th June, 2001: HK\$7,695,000) and on the weighted average number of 2,971,305,343 (period ended 30th June, 2001: 2,971,305,343) ordinary shares in issue throughout the period.

The computation of diluted loss per share does not assume the conversion of the Company's warrants since the exercise price is higher than the average fair market value of the shares for both 2002 and 2001.

10. Investment Properties

| | <i>HK\$'000</i> |
|----------------------|-----------------|
| At valuation | |
| At 1st January, 2002 | 48,930 |
| Disposal | <u>(48,380)</u> |
| At 30th June, 2002 | <u>550</u> |

The properties are situated in Hong Kong and are held under long lease.

11. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors of HK\$8,000 (at 31st December, 2001: HK\$236,000) comprising mainly rental receivables which are billed in advance and settlements are expected upon receipts of billings.

The following is an aged analysis of trade debtors at the balance sheet date:

| | 30th June, 2002 | 31st December, 2001 |
|--------------|----------------------------|------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0–30 days | 4 | 59 |
| 31–60 days | 4 | 43 |
| Over 60 days | – | 134 |
| | <u>8</u> | <u>236</u> |

12. Creditors and accruals

Included in creditors and accruals are trade payables of HK\$Nil (at 31st December, 2001: HK\$73,000).

The following is an aged analysis of trade creditors at the balance sheet date:

| | 30th June, 2002 | 31st December, 2001 |
|--------------|----------------------------|------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0–30 days | – | 29 |
| 31–60 days | – | 23 |
| Over 60 days | – | 21 |
| | <u>–</u> | <u>73</u> |

13. Share capital

| | Number of ordinary shares | Nominal value |
|--------------------------------------------|--------------------------------------|--------------------------|
| | | <i>HK\$'000</i> |
| Ordinary shares of HK\$0.10 each | | |
| Authorised: | | |
| At 31st December, 2001 and 30th June, 2002 | <u>5,000,000,000</u> | <u>500,000</u> |
| Issued and fully paid: | | |
| At 31st December, 2001 and 30th June, 2002 | <u>2,971,305,343</u> | <u>297,131</u> |

14. Capital commitments

At the balance sheet date, the Group had the following commitments:

| | 30th June, 2002 HK\$'000 | 31st December, 2001 HK\$'000 |
|----------------------------------------------------|-----------------------------------------|------------------------------------|
| Development expenditure of properties in Hong Kong | | |
| – Contracted but not provided for | <u>57,800</u> | <u>–</u> |
| – Authorised but not contracted for | <u>11,150</u> | <u>32,216</u> |

15. Related party transaction

During the period, the Group entered into the following transaction with a related party:

| | Six months ended 30th June, 2002 HK\$'000 | 2001 HK\$'000 |
|----------------------------------|----------------------------------------------------------|------------------|
| Rent paid to a fellow subsidiary | <u>110</u> | <u>240</u> |

Office rental was determined on terms similar to those applicable to transactions with unrelated parties.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the period (2001: Nil).

BUSINESS REVIEW

Results

Turnover for the six months ended 30th June, 2002 amounted to HK\$1.2 million, a 53.1% decrease over the same period last year. The Group's turnover for the period represents gross rental income mainly derived from Arbuthnot Business Centre. The sale of the Arbuthnot Business Centre was completed in May 2002 and this accounted for the significant drop in the turnover. The property rental income resulted in a gross profit of HK\$0.5 million (30th June, 2001: HK\$1.1 million).

Loss from operations amounted to HK\$0.97 million, a decrease of 83.2% as compared with last period's loss of HK\$5.78 million. The decrease in operating loss for the current period was mainly due to no impairment loss recognised in respect of the development project at Queen's Road Central/Hillier Street (30th June, 2001: HK\$5 million).

Net Asset Value

As at 30th June, 2002, the Group's total net asset amounted to approximately HK\$135.1 million, a decline of HK\$0.8 million or 0.6% as compared with the value of HK\$135.9 million as at 31st December, 2001. Total net asset value per share was HK\$0.045 (31st December, 2001: HK\$0.046).

Debt and Gearing

As at 30th June, 2002, the Group has bank and other borrowings amounted to HK\$12 million (31st December, 2001: HK\$64.2 million). Cash and deposit at bank amounted to HK\$3.5 million (31st December, 2001: HK\$8.7 million) and net borrowing amounted to HK\$8.5 million (31st December, 2001: net borrowing of HK\$55.5 million). Total debt to equity ratio was 8.9% (31st December, 2001: 47.2%) and net debt to equity ratio was 6.3% (31st December, 2001: 40.8%) which are expressed as a percentage of bank and other borrowings over the total net assets of HK\$135.1 million (31st December, 2001: HK\$135.9 million). The decrease in debt and gearing was mainly due to the repayment of bank and other borrowings from the Group's internal resources during the period under review.

As at 30th June, 2002, the Group's borrowing was denominated in Hong Kong Dollars and carried at interest rates calculated with reference to prime rate. The majority of the Group's income was denominated in Hong Kong Dollars. The Group did not have any financial instruments used for hedging purpose. The Group did not have any contingent liabilities as at 30th June, 2002.

Pledge of Assets

As at 30th June, 2002, the Group's property under development with a book value of HK\$11.5 million (31st December, 2001: HK\$11.5 million) was pledged to secure general banking facilities of the Group.

Financial and Interest Income/Expenses

Interest income for the six months ended 30th June, 2002 decreased to HK\$0.05 million as compared to HK\$0.1 million for the same period last year and interest expenses charged to the income statement decreased by 68% to HK\$0.75 million over the same period last year. The decrease in both interest income and interest expenses was mainly attributable to the repayment of bank and other borrowings during the period under review and resulted in the drop in both the Group's cash balances and bank and other borrowings.

Remuneration Policies and Share Option Scheme

During the period under review, the Group employed a total of three staff. Remuneration packages comprised salary and year-end bonuses based on individual merits. Details of the share option scheme will be disclosed in the Company's annual report for the year ending 31st December, 2002.

PROPERTY

Arbuthnot Business Centre – Investment Property

The sale of the Arbuthnot Business Centre in Central for a consideration of HK\$48.38 million was completed on 6th May, 2002.

Nos. 253 – 265 Queen’s Road Central & Nos. 30 – 38 Hillier Street, Sheung Wan – Development Property

The Queen’s Road Central/Hillier Street project has been re-planned as residential development and construction of the superstructure commenced in June 2002. A residential tower of 75 units with total gross floor area of around 42,308 sq.ft. is planned for completion in September 2003.

No. 34 Hill Road in Western District – Development Property

The subject property is a 7-storey composite building with over 40 years old, which is currently vacant. The site has an area of approximately 2,146 sq.ft. and has been put on the market for disposal.

PROSPECTS

With prolonged uncertainty in the outlook of the global and local economies, investment sentiment remains poor and the property market is expected to remain sluggish in the near future. Accordingly, the Group is reviewing its business focus with an aim to enable the Group to take advantage of any opportunity existing in the current market, and to capture any benefit resulting from any economic recovery. Nevertheless, the Group will continue to strengthen its property portfolio and investments so as to enhance returns to shareholders.

DIRECTORS’ INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30th June, 2002, the interests of the Directors of the Company in the equity or debt securities of the Company and its associated corporations as recorded in the register kept by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

I. The Company

| Name of Director | Number of Shares | Units of 2003 Warrants (note 1) |
|----------------------------------------------------|------------------|---------------------------------|
| Mr. Joseph Lau, Luen-hung – Corporate interests | 2,159,475,904 | 383,527,348 (note 2) |

II. Associated Corporation of the Company

Chinese Estates Holdings Limited (“Chinese Estates”)

| Name of Director | Number of Shares |
|----------------------------------------------------|------------------------|
| Mr. Joseph Lau, Luen-hung – Personal interests | 410,061,668 |
| – Other interests | 1,000,000,000 (note 3) |
| | <hr/> |
| | 1,410,061,668 |
| Mr. Thomas Lau, Luen-hung – Corporate interests | 11,508,000 (note 5) |
| – Other interests | 206,379,187 (note 4) |
| | <hr/> |
| | 217,887,187 (note 5) |
| | <hr/> |

Notes:

1. Holders of every unit of the warrants are entitled to subscribe for one fully paid share of the Company at HK\$0.10 each during the period from 21st November, 2000 to 20th November, 2003.
2. Mr. Joseph Lau, Luen-hung, by virtue of his 59.18% interest in the issued share capital of Chinese Estates as disclosed in paragraph II above, was deemed to be interested in these securities of the Company under the provisions of the SDI Ordinance.
3. These shares were indirectly held by a discretionary trust of which certain family members of Mr. Joseph Lau, Luen-hung are eligible beneficiaries.
4. These shares were indirectly held by another discretionary trust of which certain family members of Mr. Thomas Lau, Luen-hung are eligible beneficiaries.
5. The total interests of Mr. Thomas Lau, Luen-hung in Chinese Estates previously reported in the disclosure notice dated 12th October, 2001 to the Stock Exchange and the Company should read "217,887,187" instead of "217,437,187". This is due to a typographical error in the corporate interest which should be "11,508,000" instead of "11,058,000".

Save as disclosed above, none of the other Directors of the Company had or were deemed under the SDI Ordinance to have any interest in the securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) as at 30th June, 2002, and none of the Directors of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations during the six months ended 30th June, 2002.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30th June, 2002, so far as are known to the Directors, the following parties (other than a Director or Chief Executive of the Company) were recorded in the register kept by the Company under Section 16(1) of the SDI Ordinance as being, directly or indirectly, interested and/or deemed to be interested in 10% or more of the nominal value of the issued share capital of the Company:

| | Name of Shareholders | Number of Shares | <i>Notes</i> |
|-------|----------------------------------------|-------------------------|--------------|
| (i) | Billion Up Limited | 2,159,475,904 | 1&3 |
| (ii) | Lucky Years Ltd. | 2,159,475,904 | 1&3 |
| (iii) | Chinese Estates | 2,159,475,904 | 1&3 |
| (iv) | Global King Ltd. | 2,159,475,904 | 2&3 |
| (v) | Credit Suisse Trust Limited as trustee | 2,159,475,904 | 2&3 |

Notes:

1. Billion Up Limited is a wholly-owned subsidiary of Lucky Years Ltd., which in turn is a wholly-owned subsidiary of Chinese Estates, and its interests in the shares in the Company are duplicated and included in the shareholding stated against Lucky Years Ltd. and Chinese Estates.
2. These shares relate to the same parcel of shares in the Company which are duplicated in the shareholding stated against Chinese Estates due to its interests in Chinese Estates.
3. The shareholdings stated against the above shareholders relate to the same parcel of shares referred to in corporate interests of Mr. Joseph Lau, Luen-hung under the heading "Directors' Interests in the Securities of the Company and Associated Corporations".

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th June, 2002, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

CODE OF BEST PRACTICE

The Audit Committee comprising two Independent Non-executive Directors of the Company has reviewed the details of the interim report for the six months ended 30th June, 2002.

Except that the Independent Non-executive Directors are not appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Articles of Association, 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 30th June, 2002 in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

APPRECIATION

I take this opportunity to thank our shareholders, my fellow directors and our staff members for their dedication and support.

On behalf of the Board
Thomas Lau, Luen-hung
Chairman

Hong Kong, 6th September, 2002