

**INTERIM RESULTS**

The Board of Directors of Multifield International Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2002 together with the unaudited comparative figures for the corresponding period in 2001. These interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee:

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the Six Months Ended 30 June 2002

(With comparatives for the six months ended 30 June 2001)

		<b>For the six months ended 30 June</b>	
		<b>2002</b>	2001
		<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>Notes</i>	<b>HK\$’000</b>	<b>HK\$’000</b>
<b>TURNOVER</b>	3	<b>58,098</b>	52,365
Cost of services provided and other direct costs		<u>(13,167)</u>	<u>(8,205)</u>
Gross profit		<b>44,931</b>	44,160
Other revenue		<b>8,137</b>	2,409
Administrative expenses		<b>(7,983)</b>	(6,953)
Other operating expenses		<u>(283)</u>	<u>(606)</u>
<b>PROFIT FROM OPERATING ACTIVITIES</b>	4	<b>44,802</b>	39,010
Finance costs		<b>(12,853)</b>	(25,738)
Share of profits/(losses) of associates		<u>1,617</u>	<u>(582)</u>
<b>PROFIT BEFORE TAXATION</b>		<b>33,566</b>	12,690
Taxation	5	<u>(5,349)</u>	<u>(2,032)</u>
<b>PROFIT BEFORE MINORITY INTERESTS</b>		<b>28,217</b>	10,658
Minority interests		<u>(9,318)</u>	<u>(7,978)</u>
<b>NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>		<u><b>18,899</b></u>	<u>2,680</u>
<b>INTERIM DIVIDEND PER SHARE</b>	6	<u><b>0.15 cent</b></u>	<u>0.15 cent</u>
<b>BASIC EARNINGS PER SHARE</b>	7	<u><b>0.57 cent</b></u>	<u>0.08 cent</u>

Other than the net profit attributable to shareholders for the period, the Group had no recognised gains or losses. Accordingly, a consolidated statement of recognised gains and losses is not presented in the interim financial statements.

**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 June 2002

(With comparatives as at 31 December 2001)

	<i>Notes</i>	As at 30 June 2002 <i>(Unaudited)</i> HK\$'000	As at 31 December 2001 <i>(Audited)</i> HK\$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets		15,517	16,601
Investment properties		1,375,100	1,375,100
Goodwill		1,346	1,526
Interests in associates		240,735	218,737
		<u>1,632,698</u>	<u>1,611,964</u>
<b>CURRENT ASSETS</b>			
Properties held for sale		281,851	281,851
Prepayments, deposits and other receivables		8,943	16,678
Tax recoverable		4,567	216
Accounts receivable	8	6,994	4,904
Pledged time deposits		—	3,832
Time deposits		3,900	—
Cash and bank balances		23,097	24,895
		<u>329,352</u>	<u>332,376</u>
<b>CURRENT LIABILITIES</b>			
Deposits received		26,460	26,249
Bank loans, secured		54,764	59,798
Accounts payable	9	1,614	1,198
Accrued expenses and other payables		37,643	20,875
Due to a minority shareholder	10	57,926	57,926
Taxation		93,683	90,594
Dividend payable		8,334	—
		<u>280,424</u>	<u>256,640</u>
<b>NET CURRENT ASSETS</b>		<u>48,928</u>	<u>75,736</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,681,626</u>	<u>1,687,700</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank loans, secured		606,734	628,150
Due to a director	10	57,165	56,770
Deferred taxation		31,131	31,131
		<u>695,030</u>	<u>716,051</u>
		<u>986,596</u>	<u>971,649</u>

**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 June 2002

*(With comparatives as at 31 December 2001)*

		<b>As at 30 June 2002 (Unaudited) HK\$'000</b>	As at 31 December 2001 (Audited) HK\$'000
<b>CAPITAL AND RESERVES</b>			
Issued capital	11	<b>33,338</b>	333,377
Reserves	12	<b>624,830</b>	311,893
Proposed dividend	12	<b>6,001</b>	8,334
		<hr/> <b>664,169</b>	<hr/> 653,604
<b>MINORITY INTERESTS</b>		<b>322,427</b>	318,045
		<hr/> <b>986,596</b>	<hr/> 971,649

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the Six Months Ended 30 June 2002

	<b>For the six months ended 30 June</b>	
	<b>2002</b>	2001
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	65,986	44,144
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(12,796)	(25,114)
TAX PAID	(6,611)	(3,927)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(16,923)</u>	<u>(4,804)</u>
NET CASH INFLOW BEFORE FINANCING ACTIVITIES	29,656	10,299
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	<u>(31,386)</u>	<u>(24,773)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(1,730)	(14,474)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>28,727</u>	<u>52,944</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>26,997</u></u>	<u><u>38,470</u></u>
 <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
CASH AND BANK BALANCES	23,097	26,006
TIME DEPOSITS	<u>3,900</u>	<u>12,464</u>
	<u><u>26,997</u></u>	<u><u>38,470</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

The condensed interim financial statements have been prepared in accordance with the Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules of the Stock Exchange”).

The accounting policies and basis of preparation used in the preparation of the condensed interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2001.

2. SEGMENT INFORMATION

An analysis of the business segments and geographical segments of the operation of the Group during the period is as follows:

(a) Geographical segments

	Hong Kong		Elsewhere in the PRC		Consolidated	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Sales to external customers	<u>21,913</u>	21,306	<u>36,185</u>	31,059	<u>58,098</u>	52,365
Segment results	<u>9,464</u>	12,034	<u>27,201</u>	24,567	<u>36,665</u>	36,601
Interest income					57	624
Unallocated income					8,080	1,785
Finance Costs					(12,853)	(25,738)
Share of profits/(losses) of associates					<u>1,617</u>	<u>(582)</u>
Profit before taxation					<u>33,566</u>	12,690
Taxation					<u>(5,349)</u>	<u>(2,032)</u>
Profit before minority interests					<u>28,217</u>	10,658
Minority interests					<u>(9,318)</u>	<u>(7,978)</u>
Net profit attributable to shareholders					<u><u>18,899</u></u>	<u><u>2,680</u></u>

(b) Business segments

Over 83% of the Group’s revenue, results, assets, liabilities and capital expenditures are derived from the business segment of rental income from property letting.

### 3. TURNOVER

Turnover represents the total amounts received and receivable on the sales of properties and interests in investment properties, the provision of service apartment and property management services, and project management services, property agency services, receipts from pub operations and rental income, net of PRC business tax, from property letting, after elimination of all significant intra-group transactions.

Revenue from the following activities has been included in the Group's turnover:

	For the six months ended 30 June	
	2002	2001
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Turnover</b>		
Rental Income	51,870	47,686
Property Management Fee	3,586	1,449
Pub Business	2,642	3,230
	<u>58,098</u>	<u>52,365</u>
<b>Other Revenue</b>		
Interest Income	57	624
Negative goodwill recognised as income	3,628	—
Gain on disposal of listed investment	—	314
Others	4,452	1,471
	<u>8,137</u>	<u>2,409</u>

### 4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting) the following:

	For the six months ended 30 June	
	2002	2001
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Depreciation	1,254	452
Staff costs (including those of directors):		
Wages and salaries	4,653	3,862
Gross rental income	(51,870)	(47,686)
Less: Outgoings	10,248	3,492
Net rental income	<u>(41,622)</u>	<u>(44,194)</u>
Interest income	(57)	(624)
Negative goodwill recognised as income	(3,628)	—
Gain on disposal of listed investment	—	(314)
Exchange gains	—	(437)
	<u>—</u>	<u>—</u>

**5. TAXATION**

	For the six months ended 30 June	
	2002 <i>(Unaudited)</i> HK\$'000	2001 <i>(Unaudited)</i> HK\$'000
Hong Kong and the PRC:		
Provision for the period	5,349	2,032
Tax charge for the period	<u>5,349</u>	<u>2,032</u>

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China have been calculated at the applicable rates of taxation prevailing in the areas in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

**6. INTERIM DIVIDEND PER SHARE**

The Board of Directors has resolved to distribute an interim dividend of 0.15 HK cent (2001: 0.15 HK cent as adjusted for the 2001 interim and final bonus issue of shares) per share to the shareholders whose names appear on the Register of Members of the Company on 31 October 2002. The interim dividend will be distributed to the shareholders on 15 November 2002.

**7. BASIC EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the period of HK\$18,899,000 (2001: net profit of HK\$2,680,000) and the weighted average of 3,333,771,936 (2001: 3,333,771,936 as adjusted for the bonus issue of shares during the period from 1 July 2001 to 30 June 2002) shares in issue during the period under review.

The basic earnings per share for the six months ended 30 June 2001 has been adjusted to take into account the effect of the bonus issue of shares during the period from 1 July 2001 to 30 June 2002.

**8. ACCOUNTS RECEIVABLE**

The ageing analysis of accounts receivable at the balance sheet date is as follows:

	As at 30 June 2002 <i>(Unaudited)</i> HK\$'000	As at 31 December 2001 <i>(Audited)</i> HK\$'000
1 - 3 months	5,123	4,175
4 - 6 months	953	681
Over 6 months	918	48
	<u>6,994</u>	<u>4,904</u>

The tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amounts ranging from two to three months' rental in order to secure any default in their rental payments.

## 9. ACCOUNTS PAYABLE

The ageing analysis of accounts payable at the balance sheet date is as follows:

	As at 30 June 2002 (Unaudited) HK\$'000	As at 31 December 2001 (Audited) HK\$'000
1 - 3 months	1,614	1,198
4 - 6 months	—	—
Over 6 months	—	—
	<u>1,614</u>	<u>1,198</u>

## 10. DUE TO A DIRECTOR/MINORITY SHAREHOLDER

The amount due to a director is unsecured, interest-free and is not repayable within one year. The amount due to a minority shareholder is unsecured, interest-free and has no fixed terms of repayment.

## 11. SHARE CAPITAL

	As at 30 June 2002 (Unaudited) HK\$'000	As at 31 December 2001 (Audited) HK\$'000
Authorised:		
50,000,000,000 (2001:5,000,000,000) shares of HK\$0.01 (2001:HK\$0.10 each) each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid :		
3,333,771,936 (2001: 3,333,771,936) shares of HK\$0.01 (2001:HK\$0.10 each) each	<u>33,338</u>	<u>333,377</u>

Pursuant to a special resolution of shareholders on 17 April 2002, the nominal value of each of the issued and unissued shares in the capital of the Company was reduced from HK\$0.10 each to HK\$0.01 each so that the authorised capital was reduced from HK\$500 million by HK\$450 million to HK\$50 million and the issued capital was reduced from HK\$333 million by HK\$300 million to HK\$33 million (the "Capital Reduction"). The credit of HK\$300 million arising from the Capital Reduction was transferred to the contributed surplus account of the Company. Immediately thereafter, the authorised share capital of the Company was then increased to HK\$500 million by the creation of an additional 45 billion new shares of the Company of HK\$0.01 each.

## 12. RESERVES AND PROPOSED DIVIDEND

	Share premium HK\$'000	Investment property revaluation reserve HK\$'000	Capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profit HK\$'000	Total HK\$'000	Proposed dividend HK\$'000
At 1 January 2002 (audited)	—	283,305	—	548	28,040	311,893	8,334
Arising from capital reduction	—	—	300,039	—	—	300,039	—
Profit for the period	—	—	—	—	18,899	18,899	—
2001 final dividend	—	—	—	—	—	—	(8,334)
2002 interim dividend	—	—	—	—	(6,001)	(6,001)	6,001
	<u>—</u>	<u>283,305</u>	<u>300,039</u>	<u>548</u>	<u>40,938</u>	<u>624,830</u>	<u>6,001</u>
At 30 June 2002 (unaudited)	<u>—</u>	<u>283,305</u>	<u>300,039</u>	<u>548</u>	<u>40,938</u>	<u>624,830</u>	<u>6,001</u>



### 13. COMMITMENTS

	As at 30 June 2002 <i>(Unaudited)</i> HK\$'000	As at 31 December 2001 <i>(Audited)</i> HK\$'000
Capital commitments:		
Authorised and contracted for:		
Associates:		
Properties under development	7,076	13,931
	<u>7,076</u>	<u>13,931</u>

### 14. CONTINGENT LIABILITIES

The Company had guarantees amounting to HK\$438,223,000 (2001: HK\$339,000,000) given to banks for the banking facilities, which had been fully utilised at the balance sheet date, granted by the banks to certain subsidiaries.

### 15. RELATED PARTY TRANSACTIONS

		For the six months ended 30 June	
		2002 <i>(Unaudited)</i> HK\$'000	2001 <i>(Unaudited)</i> HK\$'000
	<i>Notes</i>		
Lease rentals received from Linkful Management Services Limited	(i)	900	900
Business management fees received from Linkful Management Services Limited	(i)	480	480
Legal advisory fees paid to Cheung, Tong & Rosa	(ii)	82	—
		<u>900</u>	<u>900</u>

*Notes:*

- (i) Mr. Lau Chi Yung, Kenneth and Mr. Tsang Pak Chung, Eddy, directors of the Company, are the directors of Linkful Management Services Limited. Mr. Lau Chi Yung, Kenneth is also a substantial shareholder of Oriental Explorer Holdings Limited, the ultimate holding company of Linkful Management Services Limited.

The lease rental received was arrived at after negotiations between both parties with reference to the prevailing market rentals.

The management fees were charged based on the direct cost incurred.

- (ii) Mr. Tong Wui Tung, Ronald, a non-executive director of the Company, is a partner of Cheung, Tong & Rosa. The fee paid was determined based on the cost of services provided plus a margin.

### 16. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

### 17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved by the Board of Directors on 19 September 2002.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 29 October 2002 to 31 October 2002, both days inclusive, during which period, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong, not later than 4:00 p.m. on 28 October 2002.

## BUSINESS REVIEW

For the first half of 2002, the Group remained very focused in its core rental business and concentrated its effort in consolidating and maintaining its market position in both Hong Kong and Shanghai. The performance of the core Shanghai service apartment operation was again very pleasing whereas rental income from the Hong Kong property portfolio remained steady with an overall occupancy rate of close to 85% despite a very sluggish climate prevailing in Hong Kong.

Against a background of unstable market sentiment in Hong Kong and the rest of the world especially after the traumatic events of September 2001 in the US, the Group still performed well in the first half of the year with a turnover of over HK\$58 million, an increase of 10% as compared with the previous corresponding period.

### Shanghai

What was particularly noteworthy was the sustained high performance of our top class service apartment chain in Shanghai, which achieved remarkable profit growth for the seventh consecutive year. The Group, through the name of "Windsor Renaissance", has already established a sound platform for future profitable growth in Shanghai. With China formal accession to the WTO, Shanghai, as the financial hub of China, has received unprecedented opportunities. All the Fortune 500 companies have more or less established a presence in Shanghai and there is a great demand for high quality corporate housing to house their executives. The Group is one of the very few companies in Hong Kong and China specializing in this area of business and at present, a portfolio of over 400 service apartments and houses are under our management and the overall occupancy rate is close to 98%. The rental return for the first 6 months of this year was strong and it is expected that this trend would continue.

"Windsor Renaissance" is always regarded by the expatriate community as one of the leading and best performing service apartment owners and operators in Shanghai. For the first 6 months, the rental from Shanghai was as expected very strong and accounted for 62% of the Group's turnover.

The Group will from time to time strengthen various aspects of its management. Apart from boosting the motivation of its staff, the Group will also strive to enhance the quality of its services and to innovate new services to its customers.

### Hong Kong

As regards the Hong Kong Property portfolio, the Group can still maintain an occupancy rate of close to 85% with no significant drop in the overall rental value. We strongly believe that under the leadership of Mr. C.H. Tung, the Hong Kong Government will endeavour to revitalize the property market and the current depression in the Hong Kong property market may only prolong for another 3 to 4 years at most. Barring any unforeseen circumstances, we have every confidence in the Hong Kong economy in the long term and will start to look for opportunities when the timing is right.

During the first half of the year, no acquisition nor disposal has been made and instead, an active program has been adopted to renovate and improve the quality of the property portfolio on hand in order to enhance its value and attractiveness to potential customers.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in Hong Kong and Shanghai. As at 30 June 2002, the Group had outstanding bank loans amounting to HK\$661 million, which were secured by legal charges on certain investment properties and properties held for sale in Hong Kong and Shanghai. As at 30 June 2002, out of the total outstanding bank borrowings of approximately HK\$661 million (out of which HK\$560 million were denominated in Hong Kong dollars and the remaining balance in Renminbi), HK\$55 million are repayable within one year, HK\$57 million are repayable in the second year with the remaining balance repayable beyond the second year. The Group's cash and bank balances and short term bank deposits as at 30 June 2002 amounted to approximately HK\$27 million. The Group's gearing ratio as at 30 June 2002 was approximately 40% based on the total bank borrowings of approximately HK\$661 million and the aggregate of the shareholders' funds, minority interests and total bank borrowings of approximately HK\$1,648 million.

**PERSONNEL**

As at 30 June 2002, the Group had a total of 330 employees, of whom 300 were based in the PRC and 30 in Hong Kong. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account current industry practices.

In addition to the provision of provident fund scheme, medical allowance, in-house and external training programs, discretionary bonus and share option scheme are also available to employees based on their performance. The remuneration policy and packages of the Group's employees are reviewed regularly.

**PROSPECTS**

The global economic slowdown has undermined the public confidence, affecting the progress of revitalization of the property market in Hong Kong. It is unquestionable that sentiment in the Hong Kong property market remained weak in the first half of 2002 and the Board remains cautious about the Hong Kong property outlook for the balance of 2002. The Board does believe that a strong recovery in the Hong Kong property market in the near future is difficult if not impossible and the revitalization of the Hong Kong property market could only be materialized if the public confidence is returning and the local economy is approaching to a tangible recovery with an apparent improvement in real GDP and unemployment rate. However, as a result of the slackening economic growth in the US and the continuous downturn of the local economy, interest rates will likely remain at a relatively low level. This will be beneficial to the Group's continuing effort to lower interest cost.

In the longer term, with China's admission into the WTO and the award of 2008 Olympic Games to Beijing, China is poised to boost foreign investment into Shanghai as well as Hong Kong. The Board has confidence in the long term economic prospects of Hong Kong and mainland China and is of a strong belief that the Group's Hong Kong and Shanghai property portfolio will continue to perform well and have a steady growth in the long run. Hence, this core business is expected to generate a stable stream of income to the Group.

The Group remains well positioned to deliver solid performance into the future and at present, the Group is concentrating on the development of its prime residential land bank in Shanghai of 54,550 sq.m. The first phase of 25 houses was released in July this year and the response was overwhelming. Upon completion of the whole project in late 2002, it is expected that 126 detached houses and townhouses of first class hotel quality will be added to its Shanghai property portfolio with an additional annual rental of close to HK\$75 million.

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES**

As at 30 June 2002, the interests of the directors and chief executives and their associates in the ordinary share capital of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), were as follows:

**Interests in the Company's shares**

Name of director	Nature of interest	Number of shares
Mr. Lau Chi Yung, Kenneth	Corporate	1,939,520,000

The above shares are ultimately controlled by Power Resources Holdings Limited as the trustee under the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his sisters and their respective families.

In addition to the above, a director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors, chief executives or their associates had any interests in the share capital of the Company and its associated corporations as defined in the SDI Ordinance.

## DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

The Company has a share option scheme under which the Company may grant options to employees or executive directors of the Group to subscribe for shares in the Company. As at 30 June 2002, no such option was granted.

In addition, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, save for the interests of the directors disclosed above, according to the register kept by the Company under Section 16 of the SDI Ordinance and so far as the directors were aware, the following were the only parties who directly or indirectly held 10% or more of the issued share capital of the Company:

<b>Name of shareholders</b>	<b>Number of shares held</b>
Power Resources Holdings Limited #	1,939,520,000
Lucky Speculator Limited	1,829,520,000

*Note:* Power Resources Holdings Limited was deemed to have a beneficial interest in 1,939,520,000 ordinary shares of the Company by virtue of its indirect interests through Lucky Speculator Limited and certain other wholly-owned subsidiary which held shares in the Company.

Save as disclosed herein, according to the above-mentioned register of interests and, so far as the directors were aware, there were no persons who, directly or indirectly, held or were beneficially interested in 10% or more of the issued share capital of the Company at 30 June 2002.

## REVIEW BY AUDIT COMMITTEE

The Group's Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management the internal control and financial reporting matters including the review of the Group's unaudited results for the six months ended 30 June 2002.

## CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules of the Stock Exchange, save that the non-executive directors of the Company have not been appointed for a specific term, but are subject to retirement by rotation and re-election at the Annual General Meeting of the Company, in accordance with the provisions of the Company's bye-laws.

## PURCHASES, SALES OR REDEMPTIONS OF THE COMPANY'S LISTED SECURITIES

During the period, there were no purchases, sales or redemptions of the Company's listed securities by the Company or by any of its subsidiaries.

By order of the Board  
**Tsang Pak Chung, Eddy**  
*Vice-Chairman*

Hong Kong, 19 September 2002