



Century Legend (Holdings) Limited

世紀建業(集團)有限公司

Interim Report 2002

INTERIM RESULTS

The board of directors ("Board") of Century Legend (Holdings) 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 2002.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	For the six months ended 30 June	
		2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Turnover	2	28,001	5,735
Cost of sales		<u>(13,398)</u>	<u>(2,022)</u>
Gross profit		14,603	3,713
Other revenues		2,808	931
Administrative expenses		(22,745)	(7,285)
Other operating expenses		<u>(2,805)</u>	<u>(3,965)</u>
Operating loss	3	(8,139)	(6,606)
Share of losses of associated companies		<u>(1,268)</u>	<u>(954)</u>
		(9,407)	(7,560)
Minority interests		<u>523</u>	<u>—</u>
Loss attributable to shareholders		<u>(8,884)</u>	<u>(7,560)</u>
Loss per share	6	<u>(0.52) cent</u>	<u>(1.24) cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
	Notes		
Non-current assets			
Goodwill		3,140	4,187
Fixed assets		9,210	13,248
Investments in associated companies	7	8,984	8,051
Investment securities		358	669
Loan receivables	9	374	406
		<u>22,066</u>	<u>26,561</u>
Current assets			
Inventories		346	283
Trading securities		5,258	6,611
Trade and other receivables	10	29,798	29,788
Loan receivables, current portion	9	26,550	24,412
Tax recoverable		—	38
Bank balances and cash		122,129	141,937
		<u>184,081</u>	<u>203,069</u>
Current liabilities			
Trade payables	11	2,300	2,135
Amount due to ultimate holding company		121,655	132,655
Other payables and accruals		2,442	5,683
		<u>126,397</u>	<u>140,473</u>
Net current assets		<u>57,684</u>	<u>62,596</u>
Total assets less current liabilities		<u>79,750</u>	<u>89,157</u>
<i>Financed by:</i>			
Share capital	13	17,208	17,208
Reserves		60,989	69,873
Shareholders' funds		78,197	87,081
Minority interests		1,553	2,076
		<u>79,750</u>	<u>89,157</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2002	2001
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Net cash (outflow)/inflow from operating activities	(7,773)	9,548
Net cash outflow from investing activities	(1,035)	(13,323)
Net cash (outflow)/inflow from financing	(11,000)	46,182
	<hr/>	<hr/>
(Decrease)/increase in cash and cash equivalents	(19,808)	42,407
Cash and cash equivalents at 1 January	141,937	19,866
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	<u>122,129</u>	<u>62,273</u>
Analysis of balance of cash and cash equivalents:		
Bank balances and cash	<u>122,129</u>	<u>62,273</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2002 (Unaudited)

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2002	17,208	38,649	146,189	(114,965)	87,081
Loss for the period	—	—	—	(8,884)	(8,884)
At 30 June 2002	<u>17,208</u>	<u>38,649</u>	<u>146,189</u>	<u>(123,849)</u>	<u>78,197</u>

For the six months ended 30 June 2001 (Unaudited)

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2001	47,800	82,331	17,129	(90,454)	56,806
Loss for the period	—	—	—	(7,560)	(7,560)
Issue of bonus shares	47,800	(47,800)	—	—	—
Issue of rights shares	47,800	—	—	—	47,800
Expenses for issue of bonus and rights shares	—	(1,618)	—	—	(1,618)
At 30 June 2001	<u>143,400</u>	<u>32,913</u>	<u>17,129</u>	<u>(98,014)</u>	<u>95,428</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These unaudited condensed consolidated interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA") and Appendix 16 to the Rules Governing The Listing of Securities on the Stock Exchange (the "Listing Rules"). These condensed accounts should be read in conjunction with the 2001 annual financial statements.

The accounting policies and method of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31 December 2001 except that the Group has changed certain of its accounting policies following its adoption of the following Statement of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting

These revised SSAPs do not have any material impact to the accounting policies and financial results of the Group except that certain comparatives presented have been reclassified to confirm with the new disclosure requirements.

2. Segment information

The Group is principally engaged in money lending, travel agency and provision of health and beauty services. An analysis of the Group's revenue and results for the period by principal activities is analysed as follows:

	For the six months ended 30 June 2002 (Unaudited)			Group HK\$'000
	Money lending HK\$'000	Travel agency services HK\$'000	Health and beauty HK\$'000	
Revenues	<u>2,449</u>	<u>13,154</u>	<u>12,398</u>	<u>28,001</u>
Segment results	<u>724</u>	<u>193</u>	<u>(2,283)</u>	(1,366)
Unallocated revenues				1,995
Unallocated costs				(4,916)
Amortisation of goodwill				(1,047)
Loss on disposal of fixed assets				(1,142)
Impairment loss of investment securities				(310)
Unrealised loss on trading securities				(1,353)
Share of losses of associated companies				(1,268)
Minority interests				523
Loss attributable to shareholders				<u>(8,884)</u>

2. **Segment information** (Continued)

For the six months ended 30 June 2001 (Unaudited)

	Money lending HK\$'000	Travel agency services HK\$'000	Group HK\$'000
Revenues	<u>3,066</u>	<u>2,669</u>	<u>5,735</u>
Segment results	<u>789</u>	<u>56</u>	845
Unallocated revenues			931
Unallocated costs			(4,432)
Impairment loss of investment securities			(2,511)
Unrealised loss on trading securities			(1,439)
Share of losses of associated companies			(954)
Loss attributable to shareholders			<u>(7,560)</u>

No geographical analysis is presented as less than 10% of the Group's turnover and operating results were generated from operations outside Hong Kong.

3. **Operating loss**

Operating loss is stated after charging the following:

For the six months ended 30 June

	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Depreciation	1,730	614
Amortisation of goodwill	1,047	—
Staff costs (including Directors' remuneration)	7,281	3,812
Retirement benefit costs	433	141
Operating leases — land and buildings	3,798	790
Loss on disposal of fixed assets	1,142	15
Impairment loss of investment securities	310	2,511
Unrealised loss on trading securities	<u>1,353</u>	<u>1,439</u>

4. **Taxation**

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the six months ended 30 June 2002 (2001: Nil).

5. **Dividends**

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2002 (2001: Nil).

6. **Loss per share**

The calculation of loss per share for the period is based on the loss attributable to shareholders of HK\$8,884,000 (2001: loss of HK\$7,560,000) and the weighted average of 1,720,800,000 (2001: 610,044,199 adjusted for rights issue in 2001) shares in issue during the six-month period.

Diluted loss per share is not presented as there was no dilutive potential ordinary shares in existence during the period.

7. Investment in associated companies

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
Share of net liabilities, other than goodwill	(6,000)	(4,732)
Advance to an associated company	14,984	12,783
	<u>8,984</u>	<u>8,051</u>

8. Capital expenditure

	For six months ended 30 June 2002(Unaudited)	
	Goodwill HK\$'000	Fixed assets HK\$'000
Opening net book amount	4,187	13,248
Additions	—	1,637
Disposals	—	(3,945)
Depreciation/amortisation charge	(1,047)	(1,730)
Closing net book amount	<u>3,140</u>	<u>9,210</u>

9. Loan receivables

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
Loan receivables — secured	9,240	9,446
Loan receivables — unsecured (<i>note a</i>)	18,184	15,872
Gross loan receivables (<i>note b</i>)	27,424	25,318
Provision	(500)	(500)
	26,924	24,818
<i>Less:</i> amount due within one year	(26,550)	(24,412)
Amount due after one year	<u>374</u>	<u>406</u>

Note

- (a) The amount included an unsecured short term loan of HK\$15,000,000 (the "Loan") granted to an individual (the "Borrower") who is independent to the Group. HK\$5,000,000 is due for repayment in February 2002 and the balance is due in July 2002. The repayment date of the Loan was further extended to January 2003 and other terms of the Loan remain unchanged. Pursuant to a deed of guarantee issued by the ultimate holding company in favor of the Group, the ultimate holding company is responsible for repayment of the Loan if the Borrower defaults in repayment.

9. Loan receivables (Continued)

- (b) The repayment terms of loan receivables are negotiated on an individual basis. The maturity profile of loan receivables is analysed as follows:

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
On demand	115	102
Three months or less	9,195	18,224
Below one year but over three months	17,740	6,578
One to three years	374	414
	<u>27,424</u>	<u>25,318</u>

10. Trade and other receivables

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
Trade receivables	1,456	766
Deposit for the acquisition of interest in a property development project (note a)	25,000	25,000
Other receivables and deposit	3,342	4,022
	<u>29,798</u>	<u>29,788</u>

- (a) Pursuant to a Letter of Intent entered into between the Group and an independent third party (the "Vendor"), the Group paid a deposit of HK\$25 million for the granting of an option (the "Option") by the Vendor to acquire the controlling interest in a company incorporated outside Hong Kong which is engaged in a property development project. The Option expired on 30 June 2002. Full amount of the deposit was refunded to the Group on 23 September, 2002.

The majority of the Group's turnover is on cash basis. The remaining balances of turnover are on credit terms of thirty to sixty days. At 30 June 2002, the ageing of the trade receivables was as follows:

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
0-30 days	1,133	424
31-60 days	129	115
61-90 days	28	119
Over 90 days	166	108
	<u>1,456</u>	<u>766</u>

11. Trade payables

At 30 June 2002, the ageing of the trade payables was as follows:

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
0-30 days	2,213	2,135
31-60 days	66	—
61-90 days	21	—
	<u>2,300</u>	<u>2,135</u>

12. Commitments

(a) Capital commitments for acquisition of fixed asset

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
Contracted but not provided for	<u>—</u>	<u>312</u>

(b) Commitments under operating leases

At 30 June 2002, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings which expired as follows:

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
Not later than one year	7,425	7,517
Later than one year and not later than five years	<u>3,929</u>	<u>7,750</u>
	<u>11,354</u>	<u>15,267</u>

13. Share capital

	Ordinary shares of HK\$0.01 each	
	(At 30 June 2001: HK\$0.10 each)	
	<i>No of shares</i>	<i>Nominal Value</i>
	<i>(million)</i>	<i>HK\$'000</i>
Authorised:		
At 1 January 2001	600	60,000
Increase in authorised share capital	<u>1,200</u>	<u>120,000</u>
At 30 June 2001	1,800	180,000
Subdivision of each authorised share of HK\$0.1 into ten shares of HK\$0.01 each	16,200	—
Increase in authorised share capital	<u>22,000</u>	<u>220,000</u>
At 31 December 2001 and 30 June 2002	<u><u>40,000</u></u>	<u><u>400,000</u></u>
	Ordinary shares of HK\$0.01 each	
	(At 30 June 2001: HK\$0.10 each)	
	<i>No of shares</i>	<i>Nominal Value</i>
	<i>(million)</i>	<i>HK\$'000</i>
Issued and fully paid:		
At 1 January 2001	478	47,800
Rights issue and bonus issue	<u>956</u>	<u>95,600</u>
At 30 June 2001	1,434	143,400
Reduction of capital	—	(129,060)
Conversion of convertible notes	<u>286</u>	<u>2,868</u>
At 31 December 2001 and 30 June 2002	<u><u>1,720</u></u>	<u><u>17,208</u></u>

14. Contingent liabilities

As at 31 December 2001 and 30 June 2002 , the Group did not have material contingent liabilities.

15. Subsequent events

On 1 September 2002, the Group acquired the remaining 20 percent equity interest in Spa D'or Limited which is engaged in provision of health and beauty services for a total cash consideration of HK\$2,000. Goodwill arising from the acquisition amounted to HK\$660,000 and will be amortised on a straight line basis over 3 years. Spa D'or Limited became a wholly owned subsidiary of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group is principally engaged in the following business activities: money lending by the provision of commercial and personal loan in Hong Kong; travel agency focusing on Hong Kong — Macau ferry route ticketing, hotel reservation and sale of customised holiday packages in Hong Kong and Macau; the provision of health and beauty services.

Business review

In the first half of 2002, the Group recorded a total turnover of HK\$28,001,000 (2001: HK\$5,735,000), an increase of 388% on the same period in 2001. Nevertheless, the Group still incurred net loss attributable to shareholders amounted to HK\$8,884,000 (2001: net loss of HK\$7,560,000), while loss per share is 0.52 Hong Kong Cent when compared with 1.24 Hong Kong Cents over the corresponding period in 2001.

Except for a drop of 20% in loan interest income generated from money lending business, the Group recorded remarkable growth in business performance of travel agency attaining an increment of 393% in turnover for the same period last year. On the other hand, the health and beauty business that was newly acquired by the Group in October 2001 contributed HK\$12,398,000 (2001: Nil) to the Group's turnover in the period under review.

Operating results for the first half of 2002 have not been satisfactory when the Hong Kong economy, which is vulnerable to external factors, weakened further in light of the sluggish global economy. Inevitably all the Group's core businesses in money lending, travel agency and health and beauty servicing were all adversely affected with shrunken market demand, intense competition among rivalries and immense pressure for price cuts within the industry. Under such unfavorable environment, the management has taken practical measures to tighten control of operating and administration expenses to enhance the Group's operational efficiency.

Liquidity and financial resources

The Group has always adopted a prudent approach on cash management so as to maintain a stable financial condition. As at 30 June 2002 aggregate of Group's bank and cash balance amounted to HK\$122,129,000 (31 December 2001: HK\$141,937,000) all of which was in either Hong Kong Dollars or US Dollars that has low fluctuation risk from exchange rate change. As the Group's business focus is in Hong Kong, Mainland China and Macau, there is no hedging requirement.

As of 30 June 2002, the Group had no borrowings from banks, contingent liabilities and charges on assets. There remained payable balance of a non-interest bearing loan of HK\$122 million (31 December 2001: HK\$133 million) advanced from the ultimate holding company to which HK\$11 million was repaid during the period under review. The management believes that the Group has sufficient funds in meeting the need for operation and investment in future.

Material acquisition/disposals and significant investment

No significant investments or material acquisition and disposals of subsidiaries and affiliated companies that have significant impact on financial results of the Group were made in the first six months of 2002.

Employee and remuneration policy

The Group's headcount increased from 26 over the same period last year to a total of 123 full-time employees as at 30 June 2002 on account of the acquisition of the manpower intensive hair and beauty salon business in the fourth quarter of 2001. The management believes that the employee remuneration packages including provident fund and medical benefits currently offered are competitive with other companies in the market.

Share options may be granted to Executive Directors and full time employees of the Group to subscribe for shares in the Company under the terms and conditions of the Company's share option scheme. The subscription price of the options shares is set at a price equal to the higher of the nominal value of the Company's shares and 80% of the average of the closing prices of the shares of the company on the Stock Exchange of Hong Kong Limited in the five trading days immediately preceding the date of offer of the option. Options granted are exercisable within three years from the date of grant. There was no option outstanding at any time during the period.

Prospects

In view of the continuous weakness in the global economy and the fragile economic conditions locally, the business environment in Hong Kong will remain harsh in the latter half of the year. Given the Group's core businesses are either newly set up or recently acquired, it requires time for the businesses to consolidate, grow and mature and it is therefore not expected that a handsome return on investments can be realized in the short run.

The management will impose tightened controls on loan assessments and approvals to minimize exposure to risk of delinquent accounts with the impact that loan interest income might possibly drop further. Meanwhile, outlook for the travel agency sector seems more promising. China is seen as a market with huge potential for development and Hong Kong tour operators had been hoping that with China's entry to the World Trade Organization, it would eventually lead to liberalization of China's travel market. Removal of the 1,500 daily quota for mainland travellers entering Hong Kong effective 1 January, 2002 coupled with liberalisation of Macau's casino gaming industry in 2002 are positive forces to boost tourism both in Hong Kong and Macau. Resources will be deployed to capitalize on these opportunities while management will remain alert and react promptly to changing market conditions to maintain market competitiveness. With respect to the hair and beauty business, the industry has encountered keen competition and a soft market since the launch in March 2002 of a ladies beauty centre operating in a prime business location in Hong Kong. During the remainder of 2002 and beyond, the Group will be devoting considerable resources to marketing and brand building. Planned promotional activities include advertising in popular women's magazines, sponsoring selective TV shows with free promotional service packages etc. By working hand in hand with the Group's affiliated hair salon, Headquarters, which has recognized brand name and image and an established customer base falling in the high income group, it is anticipated that synergy can be accomplished between the hair salon and the beauty center. Maintaining the highest standard of service quality is certainly the mission of the Group.

The management believes by striving to improve the quality and efficiency of services, adopting stringent cost controls to remain competitive while retaining and recruiting suitable talents to constantly explore new scope of business opportunities for growth or diversification of existing business of the Group, the present hardship would be overcome.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

At 30 June 2002, the interests of the Directors and Chief Executives in the shares, warrants and options of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

Name	Number of shares in the Company beneficially held			
	Personal interest	Corporate interest	Family interest	Other interest
Mr. Tsang Chiu Ching	960,000	(note 1 & 2)	—	—
Mr. Tsang Chiu Mo Samuel	—	(note 1, 2 & 3)	—	—

Notes:

- 868,389,900 shares were held by Century Legend Limited ("Century Legend"), which is owned as to 5% by Mr. Tsang Chiu Ching and 5% by Mr. Tsang Chiu Mo Samuel respectively.
- 204,114,700 shares were deemed to be held by China Sky Finance Limited ("China Sky") by virtue of a Share Charge dated 6 December 1999 made between China Sky as chargee and Century Legend as chargor whereby Century Legend charged to China Sky by way of first fixed charge all of Century Legend's present and future right, title and interest in and to 204,114,700 shares in the Company. China Sky is 100% beneficially owned by Mr. Tsang Chiu Mo Samuel and Mr. Tsang Chiu Ching equally. Mr. Chan Yuk Sang, Mr. Tsang Chiu Mo Samuel and Mr. Tsang Chiu Ching were directors of China Sky. Mr. Chan Yuk Sang resigned as director of China Sky on 1 August 2002.
- On 18 October 2001 Mr. Ng Kwan ("Mr. Ng") and Madam Fu Cheng Wai ("Madam Fu") entered into an option agreement ("Option Agreement") with Mr. Tsang Chiu Mo Samuel ("Mr. Tsang") pursuant to which Mr. Ng and Madam Fu each agreed to grant certain call options ("Call Options") to Mr. Tsang and Mr. Tsang agreed to grant to each of Mr. Ng and Madam Fu certain put options ("Put Options").

Originally, the options were exercisable at any time from the date of the Option Agreement and prior to 17 April 2002. By way of a supplemental agreement dated 16 April 2002 ("Supplemental Agreement"), the expiration date was extended to 17 April 2003.

Pursuant to the Option Agreement and the Supplemental Agreement, Mr. Tsang has the right to require each of Mr. Ng and Madam Fu to sell to him (or his nominee) 390,775,455 shares of the Company ("Company Option Shares") at a total consideration of HK\$10,160,161.83, equivalent to HK\$0.026 per Company Option Share.

Mr. Tsang also has the right to require each of Mr. Ng and Madam Fu to sell to him (or his nominee) their respective interests in 22,500 shares in the issued share capital of Century Legend ("CLL Option Shares") for a consideration of HK\$10,160,161.83 payable to each of Mr. Ng and Madam Fu.

Each of Mr. Ng and Madam Fu has the right to require Mr. Tsang to purchase the Company Option Shares from Mr. Ng and Madam Fu for a total consideration of HK\$10,160,161.83, equivalent to HK\$0.026 per Company Option Share.

Each of Mr. Ng and Madam Fu also has the right to require Mr. Tsang to purchase the CLL Option Shares from Mr. Ng and Madam Fu for a total consideration of HK\$10,160,161.83, payable to each of Mr. Ng and Madam Fu.

Both Call Options and Put Options must be exercised prior to 17 April 2003 or any other date as may be agreed by all parties to the Option Agreement and the Supplemental Agreement, after which the Put Options and the Call Options lapse.

Upon exercise of the rights attaching to the Call Options by Mr. Tsang or the Put Options by Mr. Ng and Madam Fu and the completion of the sale and purchase of the Company Option Shares or the CLL Option Shares (as the case may be), Mr. Tsang and parties acting in concert with him will become directly or indirectly interested in approximately 50.5% of the total issued share capital of the Company and may be obliged under the Takeovers Code to make a general cash offer for all the issued shares in the Company not already owned by him and parties acting in concert with him. The Put Options and the Call Options may or may not be exercised.

Save as disclosed above, at no time during the period, the Directors and Chief Executives of the Company (including their spouse and children under 18 years of age) had any interest in the share capital of the Company and its associated corporations (within the meaning of the SDI Ordinance).

Other than the share option scheme described above, at no time during the period was the Company, its subsidiaries or its holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had not been notified of any substantial shareholders' interests, being 10% or more of the Company's issued share capital, other than those of Century Legend Limited and China Sky Finance Limited as disclosed above.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2002.

COMPLIANCE WITH CODE OF BEST PRACTICE OF THE LISTING RULES

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2002 in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, save that the Independent Non-Executive Directors were not appointed for a specific term but subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed accounts for the six months ended 30 June 2002 with the Directors.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website before the end of September 2002.

By Order of the Board

CHU MING TAK EVANS TANIA

Executive Director

Hong Kong, 25 September 2002