

The board of directors (the “Directors”) of KEL Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”), for the six months ended 30 September 2002 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 September 2002*

		<b>2002</b>		2001
	Notes	<b>(Unaudited)</b>		(Unaudited)
		<b>HK\$'000</b>		HK\$'000
<b>TURNOVER</b>	3	<b>15,947</b>		8,081
Cost of sales		<b>(11,154)</b>		(4,044)
		<hr/>		<hr/>
Gross profit		<b>4,793</b>		4,037
Other revenue and gains	3	<b>133</b>		122
Depreciation		<b>(98)</b>		(472)
Other administrative expenses		<b>(7,536)</b>		(4,858)
		<hr/>		<hr/>
<b>LOSS FROM OPERATING</b>				
<b>ACTIVITIES</b>		<b>(2,708)</b>		(1,171)
Finance costs	4	<b>(98)</b>		(181)
		<hr/>		<hr/>
<b>LOSS BEFORE TAX</b>		<b>(2,806)</b>		(1,352)
Tax	5	–		–
		<hr/>		<hr/>
<b>LOSS BEFORE MINORITY</b>				
<b>INTERESTS</b>		<b>(2,806)</b>		(1,352)
Minority interests		<b>15</b>		68
		<hr/>		<hr/>
<b>NET LOSS ATTRIBUTABLE</b>				
<b>TO SHAREHOLDERS</b>		<b>(2,791)</b>		(1,284)
		<hr/> <hr/>		<hr/> <hr/>
<b>LOSS PER SHARE</b>	6			
Basic		<b>(HK0.32 cent)</b>		(HK0.18 cent)
		<hr/> <hr/>		<hr/> <hr/>
Diluted		N/A		N/A
		<hr/> <hr/>		<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY

*For the six month ended 30 September 2002*

	<b>2002</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2001 (Unaudited) HK\$'000 (Restated)
Balance as at 1 April	<b>4,928</b>	900
Net loss attributable to shareholders	<b>(2,791)</b>	(1,284)
Issue of share capital on exercise of convertible notes	–	576
Issue of share capital on exercise of warrants	<b>3</b>	1
	<hr/>	<hr/>
Balance as at 30 September	<b>2,140</b>	193
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CONDENSED CONSOLIDATED BALANCE SHEET

30 September 2002

	Notes	30 September 2002 (Unaudited) HK\$'000	31 March 2002 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets		421	388
<b>CURRENT ASSETS</b>			
Gross amounts due from contract customers		404	1,353
Trade receivables	7	4,422	4,582
Other receivables		1,220	1,317
Pledged time deposits		5,500	5,500
Cash and cash equivalents		9,606	9,319
		<b>21,152</b>	<b>22,071</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	8	1,382	1,469
Retention money payable		589	368
Other payables and accruals		685	748
Provision for scheme debts		1,047	1,047
Gross amounts due to contract customers		5,342	3,014
Trust receipt loans		–	482
Convertible notes	9	9,675	–
		<b>18,720</b>	<b>7,128</b>
<b>NET CURRENT ASSETS</b>		<b>2,432</b>	<b>14,943</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,853</b>	<b>15,331</b>
<b>NON-CURRENT LIABILITIES</b>			
Convertible notes	9	–	(9,675)
<b>MINORITY INTERESTS</b>		<b>(713)</b>	<b>(728)</b>
		<b>2,140</b>	<b>4,928</b>
<b>CAPITAL AND RESERVES</b>			
Issued capital	10	86,228	86,225
Reserves	11	(84,088)	(81,297)
		<b>2,140</b>	<b>4,928</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

*For the six months ended 30 September 2002*

	<b>2002</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2001 <b>(Unaudited)</b> <b>HK\$'000</b> <b>(Restated)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>458</b>	(5,184)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(76)</b>	4,662
<b>CASH FLOWS FROM FINANCING</b>	<b>(95)</b>	(770)
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>287</b>	(1,292)
Cash and cash equivalents at beginning of period	<b>9,319</b>	–
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>9,606</b>	(1,292)
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>9,606</b>	–
Bank overdrafts, secured	–	(1,292)
	<b>9,606</b>	(1,292)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of preparation and accounting policies

The unaudited condensed financial statements for the six months ended 30 September 2002 have been prepared in accordance with Statement of Standard Accounting Practice (“HKSSAP”) 25 “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants (“HKSA”) and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The accounting policies and basis of preparation used in the preparation of these interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2002 except for the following new HKSSAPs issued by HKSA during the period:

HKSSAP 1 (revised)	:	Presentation of financial statements
HKSSAP 15 (revised)	:	Cash flow statements
HKSSAP 25 (revised)	:	Interim financial reporting
HKSSAP 34	:	Employee benefits

The adoption of the above HKSSAPs had no material effect on amounts reported in the current and prior periods, except that certain changes on presentation have been made upon the adoption of HKSSAP 1 (revised) “Presentation of financial statements”, HKSSAP 15 (revised) “Cash flow statements” and HKSSAP 25 (revised) “Interim financial reporting”.

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

### HKSSAP 34 : Employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave. In prior periods, no provision was made for employee annual leave entitlements. This is a change in accounting policy but the effect on such adjustments on provision for employee annual leave entitlements are not material to the current and prior periods.

## 2. Segment information

Segment information is presented by way of business segment as the primary segment as follows:

### Business Segment

	For the six months ended 30 September							
	Building services		Packaged / design and		Environmental		Consolidated	
	(single-trade)		build contracts		engineering services			
	2002	2001	2002	2001	2002	2001	2002	2001
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
Segment revenue:								
Sales to external customers	8,424	5,344	5,979	867	1,544	1,870	15,947	8,081
Other revenue	41	22	29	3	8	7	78	32
	<u>8,465</u>	<u>5,366</u>	<u>6,008</u>	<u>870</u>	<u>1,552</u>	<u>1,877</u>	<u>16,025</u>	<u>8,113</u>
Segment results	<u>683</u>	<u>1,370</u>	<u>(2,042)</u>	<u>(747)</u>	<u>(430)</u>	<u>(1,238)</u>	<u>(1,789)</u>	<u>(615)</u>
Interest income and unallocated gains							55	90
Unallocated expenses							(974)	(646)
Loss from operating activities							(2,708)	(1,171)
Finance costs							(98)	(181)
Loss before tax							(2,806)	(1,352)
Tax							-	-
Loss before minority interests							(2,806)	(1,352)
Minority interests							15	68
Net loss attributable to shareholders							<u>(2,791)</u>	<u>(1,284)</u>

No separate analysis of financial information by geographical segment is presented as over 90% of the Group's revenue, results, assets and liabilities are derived from operations carried out in Hong Kong.

**3. Turnover, revenue and gains**

The Group's turnover represents an appropriate proportion of the contract revenue of construction contracts and the gross rental income from plant and machinery. An analysis of its Group's turnover, other revenue and gains is as follows:

	<b>For the six months ended 30 September</b>	
	<b>2002 (Unaudited) HK\$'000</b>	<b>2001 (Unaudited) HK\$'000</b>
Construction contracts	15,941	7,809
Rental income from plant and machinery	6	272
	<u>15,947</u>	<u>8,081</u>
Turnover	<u>15,947</u>	<u>8,081</u>
Interest income	55	90
Other	78	32
	<u>133</u>	<u>122</u>
Other revenue and gains	<u>133</u>	<u>122</u>

**4. Finance costs**

	<b>For the six months ended 30 September</b>	
	<b>2002 (Unaudited) HK\$'000</b>	<b>2001 (Unaudited) HK\$'000</b>
Interest on convertibles notes	97	85
Interest on bank loans, overdrafts and other loans wholly repayable within five years	1	96
	<u>98</u>	<u>181</u>
Total finance costs	<u>98</u>	<u>181</u>

**5. Tax**

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for the current and prior periods.

**6. Loss per share**

The calculation of basic loss per share is based on the net loss attributable to shareholders for the period of HK\$2,791,000 (2001: HK\$1,284,000) and the weighted average number of 862,259,000 (2001: 714,891,000) shares in issue during the period.

The diluted loss per share for the six months ended 30 September 2002 and 30 September 2001 have not been disclosed, as the convertible notes outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

**7. Trade receivables**

An aged analysis of trade receivables is as follows:

	30 September 2002			31 March 2002		
	Balance	Provision	Net	Balance	Provision	Net
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Audited) HK\$'000	(Audited) HK\$'000
Current to 90 days	2,608	-	2,608	2,465	-	2,465
91 - 180 days	131	-	131	179	(1)	178
181 - 360 days	231	(1)	230	1,153	(119)	1,034
Over 360 days	41,732	(41,676)	56	44,909	(44,909)	-
	<u>44,702</u>	<u>(41,677)</u>	<u>3,025</u>	<u>48,706</u>	<u>(45,029)</u>	<u>3,677</u>
Retention money receivable	<u>27,712</u>	<u>(26,315)</u>	<u>1,397</u>	<u>28,745</u>	<u>(27,840)</u>	<u>905</u>
	<u><u>72,414</u></u>	<u><u>(67,992)</u></u>	<u><u>4,422</u></u>	<u><u>77,451</u></u>	<u><u>(72,869)</u></u>	<u><u>4,582</u></u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 60 days. For retention receivables in respect of construction work carried out by the Group, the due dates are usually one year after the completion of the construction work. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

**8. Trade payables**

An aged analysis of trade payables is as follows:

	30 September 2002 (Unaudited) HK\$'000	31 March 2002 (Audited) HK\$'000
Current to 90 days	<u><u>1,382</u></u>	<u><u>1,469</u></u>



**9. Convertible notes**

The convertible notes bear interest at a rate of 2% per annum and are convertible into new shares of the Company at a conversion price of HK\$0.10 per share at any time up to 1 September 2003, being the third anniversary of the date of the issue. The conversion price is subject to certain adjustments as defined in the note instrument.

**10. Share capital**

	<b>Number of ordinary shares (Unaudited)</b>	<b>Amount (Unaudited) HK\$'000</b>
Authorised:		
At 1 April 2001 and 30 September 2002	<u>1,800,000,000</u>	<u>180,000</u>
Issued and fully paid:		
At 1 April 2001	713,368,757	71,337
Arising on exercise of convertible notes	5,765,189	576
Issue of new shares	143,081,399	14,308
Arising on exercise of warrants	<u>36,114</u>	<u>4</u>
At 31 March 2002	862,251,459	86,225
Arising on exercise of warrants	<u>26,200</u>	<u>3</u>
At 30 September 2002	<u>862,277,659</u>	<u>86,228</u>

**11. Reserves**

	<b>Contributed surplus (Unaudited) HK\$'000</b>	<b>Accumulated losses (Unaudited) HK\$'000</b>	<b>General reserve (Unaudited) HK\$'000</b>	<b>Total (Unaudited) HK\$'000</b>
At 1 April 2002	89,800	(661,756)	490,659	(81,297)
Net loss for the period	<u>-</u>	<u>(2,791)</u>	<u>-</u>	<u>(2,791)</u>
At 30 September 2002	<u>89,800</u>	<u>(664,547)</u>	<u>490,659</u>	<u>(84,088)</u>
Reserves retained by Company and subsidiaries At 30 September 2002	<u>89,800</u>	<u>(664,547)</u>	<u>490,659</u>	<u>(84,088)</u>

## 12. Related party transactions

During the period, the Group had the following material transactions with related parties:

		For the six months ended 30 September	
		2002	2001
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Notes			
	Construction contracting income received from a fellow subsidiary	(a) 5,405	–
	Rental expense paid to a fellow subsidiary	(b) 290	468
		<u>          </u>	<u>          </u>

- (a) The Directors consider that the construction contracts were made according to conditions similar to those offered to the major customers of the Group.
- (b) The rental expenses were based on rates approximate to those of the market at that time.

## 13. Comparative amounts

As further explained in note 1 to the financial statements, due to the adoption of certain new and revised HKSSAPs during the period, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current period's presentation.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2002 (2001: Nil).

## BUSINESS AND SEGMENT INFORMATION REVIEW

To begin with, the Group's turnover for the period was HK\$15,947,000. This represented an increase of 97.3% as compared to that of last period. The net loss attributable to shareholders amounted to approximately HK\$2,791,000. Basic loss per share is approximately HK0.32 cent.

A point to note, during the period, based on the relationship and support by Deson Development International Holdings Limited (“Deson”), turnover in Building Services (single-trade) and Packaged/Design and Build Contracts projects increased significantly and contributed 52.8% and 37.5% of the total turnover, respectively. More time and efforts are required to pick up the comparatively lower market share of Environmental Engineering Services upon restructuring, as the Group has to rebuild the confidence of customers in this field. However, the Directors believe that this business segments expects to have a favourable turn around in the future.

## PROSPECTS

The Group’s core business is electrical and mechanical (E&M) engineering and maintenance projects in both public and private sectors. In May 2001, all the 11 licences held under the List of Approved Suppliers of Materials and Specialist Contractors for Public Works under Works Bureau of the HKSAR Government were reactivated, which strengthened the ability of the Group to secure more projects both from the public and private sectors.

Despite the weak local economy and the keen competition within the local construction industry, the Group was still able to conclude projects with a total contractual sum of over HK\$ 15 million for the six months ended 30 September 2002. Since the date of this report, the Group has secured projects with a total contractual sum of over HK\$150 million.

The Directors will continue to devote great efforts to re-establishing its high reputation and viable status of the Group which it possessed in the E&M engineering industry before. With the Group’s strong foundation and the long established expertise in the E&M engineering business and the support by Deson, the Directors believe the Group is in a good position to surmount all difficulties and turn around into sound operation in the not too distant future.

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2002, the Group had total assets of HK\$21,573,000, and current liabilities, shareholders' equity and minority interests of HK\$18,720,000, HK\$2,140,000 and HK\$713,000, respectively.

The Group do not have any long term liabilities as at 30 September 2002, accordingly, the gearing ratio for the current period is minimal. The Group's gearing ratio as at 31 March 2002 was 63%, which was calculated based on the long term borrowings of HK\$9,675,000 and long term capital of HK\$15,331,000.

## CAPITAL STRUCTURE

The Group's long-term capital mainly comprised of shareholders' equity which is confirmed with the low gearing ratio as discussed in the section "Liquidity and capital resources" above.

## RISK OF CURRENCY FLUCTUATION

The Group's receivables and payables were dominated mainly in Hong Kong dollars and Renminbi. Since Hong Kong dollars and Renminbi are relatively stable, we consider the exchange risk is not significant.

## CONTINGENT LIABILITIES

As at 30 September 2002, there was no material contingent liabilities to the Group.

## OPERATING LEASE ARRANGEMENTS

Certain office properties leased by the Group are under operating lease arrangements, with leases negotiated for terms of two years.

At 30 September 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 September 2002 (Unaudited) HK\$'000</b>	31 March 2002 (Audited) HK\$'000
Within one year	144	144
In the second to fifth years, inclusive	60	132
	204	276
	204	276

## COMMITMENTS

As at 30 September 2002, the Group did not have any significant capital commitments.

## EMPLOYEE SCHEMES

As at 30 September 2002, the Group had 70 employees, all of whom were based in Hong Kong.

The remuneration policy and package of the Group's employees are reviewed and approved by the Directors. Apart from pension funds, discretionary bonuses are linked to individual performance as recognition of and reward for value creation.

## CHARGES ON GROUP ASSETS

The Group's banking facilities are secured by the Group's time deposits of HK\$5,500,000.

## DIRECTORS' INTERESTS IN SHARES, CONVERTIBLE NOTES AND WARRANTS

As at 30 September 2002, the interests of the Company's directors and their respective associates in the issued share capital, convertible notes and warrants 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 (the "SDI Ordinance") were as follows:

### (a) The Company

Name of director	Nature of interest	Number of shares	Principal amount of convertible notes
Tjia Boen Sien	Corporate (Note)	479,581,399	HK\$2,389,791
Wang Jing Ning	Corporate (Note)	479,581,399	HK\$2,389,791

The interests of the directors in the share options of the Deson, the ultimate holding company of the Company, are separately disclosed in the section "Directors' rights to acquire shares or debentures" below.

Note: 479,581,399 shares, representing 55.6% of the issued share capital of the Company, and convertible notes with a principal amount of HK\$2,389,791, are held by Super Win Development Limited ("Super Win"), a wholly-owned subsidiary of Deson. Approximately 41.09% of the issued share capital of Deson is owned by Sparta Assets Limited ("Sparta Assets"), a company incorporated in the British Virgin Islands. Mr. Tjia Boen Sien and Mr. Wang Jing Ning own 80% and 10% of the issued share capital of Sparta Assets, respectively.

**(b) Associated corporations****Deson**

<b>Name of directors</b>	<b>Nature of interests</b>	<b>Number of shares held</b>	<b>Number of warrants held</b>
Tjia Boen Sien	Corporate (Note)	1,968,750,000	393,750,000
	Personal	203,030,000	24,894,000
Wang Jing Ning	Corporate (Note)	1,968,750,000	393,750,000
	Personal	15,330,000	3,066,000
Wang Ke Duan	Personal	5,600,000	1,120,000
Keung Kwok Cheung	Personal	7,000,000	1,400,000
Kong Kwok Fai	Personal	5,000,000	1,000,000
Song Sio Chong	Personal	3,000,000	600,000
Siu Man Po	Personal	1,500,000	300,000

Note: Sparta Assets, a company incorporated in the British Virgin Islands, was beneficially interested in 1,968,750,000 shares of Deson. Mr. Tjia Boen Sien and Mr. Wang Jing Ning own 80% and 10% of the issued share capital of Sparta Assets, respectively.

Save as disclosed above and in the section “Directors’ rights to acquire shares or debentures” below, none of the directors or their associates had any personal, family, corporate or other interest in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Deson, the ultimate holding company of the Company, has granted options to acquire Deson's ordinary shares in favour of certain directors pursuant to Deson's share option scheme. The following share options were outstanding during the period.

Name of director	At 1 April	Date of grant		Exercise price of share option HK\$
	2002 and 30 September 2002	of share options	Exercise period of share options	
Wang Ke Duan	2,000,000	23 Oct 00	23 Apr 01 to 22 Apr 03	0.03840
	3,000,000	23 Jul 01	23 Jan 02 to 22 Jan 04	0.03088
	<u>5,000,000</u>			
Tjia Boen Sien	26,000,000	23 Jul 01	23 Jan 02 to 22 Jan 04	0.03088
	35,000,000	29 Aug 01	28 Feb 02 to 28 Feb 04	0.02864
	<u>61,000,000</u>			
Wang Jing Ning	3,000,000	23 Oct 00	23 Apr 01 to 22 Apr 03	0.03840
	5,000,000	23 Jul 01	23 Jan 02 to 22 Jan 04	0.03088
	<u>8,000,000</u>			
Keung Kwok Cheung	<u>5,000,000</u>	23 Jul 01	23 Jan 02 to 22 Jan 04	0.03088
Kong Kwok Fai	5,000,000	23 Oct 00	23 Apr 01 to 22 Apr 03	0.03840
	4,000,000	23 Jul 01	23 Jan 02 to 22 Jan 04	0.03088
	<u>9,000,000</u>			
Song Sio Chong	<u>3,000,000</u>	23 Jul 01	23 Jan 02 to 22 Jan 04	0.03088
	<u><u>91,000,000</u></u>			



Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, any of its holding companies or its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2002, according to the register maintained by the Company pursuant to Section 16(1) of the SDI Ordinance, the following persons were, directly or indirectly, beneficially interested in 10% or more of the issued share capital of the Company.

Name of shareholder	Number of shares	Percentage of issued share capital
Super Win	479,581,399 (Note)	55.6%
Deson Development Holdings Limited	479,581,399 (Note)	55.6%
Deson	479,581,399 (Note)	55.6%
Sparta Assets	479,581,399 (Note)	55.6%

Note: Super Win holds 479,581,399 shares in the Company. By virtue of Super Win being a wholly-owned subsidiary of Deson Development Holdings Limited (“DDHL”), and DDHL being a wholly-subsiary of Deson, and Sparta Assets being beneficially interested in 41.09% of the issued share capital of Deson, each of DDHL, Deson and Sparta Assets is deemed to be interested in the 479,581,399 shares held by Super Win.

Save as disclosed above, no person had registered as having an interest of 10% or more in the issued share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

## REVIEW BY AUDIT COMMITTEE

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

## COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Directors are not aware of any information that would reasonably indicate that the Company is not, or was not in compliance with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Listing Rules of the Stock Exchange, for any part of the accounting period covered by the interim report, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's bye-laws.

On behalf of the board

**Tjia Boen Sien**

*Managing Director and Deputy Chairman*

Hong Kong, 18 December 2002