



Interim Report 2002/2003

YOSHIYA INTERNATIONAL
CORPORATION, LIMITED
慶屋國際有限公司
(to be named as Capital Estate Limited)

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st January, 2003

		Six months ended	
		31st January,	
		2003	2002
		HK\$	HK\$
	Notes	(unaudited)	(unaudited)
Turnover	3	34,642,186	3,436,223
Direct cost and trading securities sold		(20,350,329)	(3,029,292)
Direct cost on property rental		(919,002)	(839,224)
Gross profit (loss)		13,372,855	(432,293)
Other operating income	4	1,933,711	50,068
Administrative expenses		(20,614,623)	(1,799,532)
Loss on disposal of investment properties		(354,652)	—
Loss on disposal of property, plant and equipment		(77,514)	—
Amortization of goodwill arising on acquisition of subsidiaries		(1,880,183)	—
Impairment loss on other securities		(912,597)	—
Loss from operations	5	(8,533,003)	(2,181,757)
Finance costs		(837,145)	(129,033)
Share of results of associates		(411,010)	(118,531)
Loss on disposal of subsidiaries		(3,518,494)	—
Loss before taxation		(13,299,652)	(2,429,321)
Taxation	6	(59,022)	—
Loss before minority interests		(13,358,674)	(2,429,321)
Minority interests		83,955	—
Net loss for the period		<u>(13,274,719)</u>	<u>(2,429,321)</u>
Loss per share -Basic	7	<u>(2.59)cents</u>	<u>(0.50)cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 31st January, 2003

		31st January, 2003 HK\$ (unaudited)	31st July, 2002 HK\$ (audited)
	Notes		
Non-Current Assets			
Investment properties	8	32,450,000	32,980,000
Property, plant and equipment		941,576	1,634,934
Goodwill	9	952,497	10,436,257
Interests in associates		—	224,027
Other securities		200,000	4,004,954
Promissory note receivables		22,000,000	22,000,000
		56,544,073	71,280,172
Current Assets			
Properties held for sale		30,740,684	47,307,207
Inventories, at cost		6,362,331	6,546,633
Trade and other receivables	10	8,843,850	3,928,385
Loan receivables	11	7,000,000	1,000,000
Trading securities listed in Hong Kong, at market value		4,674,575	—
Bank balances and cash		5,308,239	9,862,123
		62,929,679	68,644,348

CONDENSED CONSOLIDATED BALANCE SHEET - Continued

At 31st January, 2003

		31st January, 2003 HK\$ (unaudited)	31st July, 2002 HK\$ (audited)
	<i>Notes</i>		
Current Liabilities			
Trade and other payables	12	3,119,475	4,188,063
Taxation payable		317,793	310,495
Promissory note payables	13	6,255,122	30,272,000
Secured bank loan - due within one year	14	1,281,859	556,616
		10,974,249	35,327,174
Net Current Assets		51,955,430	33,317,174
		108,499,503	104,597,346
Minority Interests		2,485,819	2,569,774
Non-Current Liabilities			
Secured bank loan - due after one year	14	13,804,634	2,004,532
Net Assets		92,209,050	100,023,040
Capital and Reserves			
Share capital	15	5,787,995	192,959,821
Reserves		86,421,055	(92,936,781)
Shareholders' Funds		92,209,050	100,023,040

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st January, 2003

	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Capital reduction reserve HK\$	Investment revaluation reserve HK\$	Currency translation reserve HK\$	Capital redemption reserve HK\$	Accumulated losses HK\$	Total HK\$
THE GROUP									
At August 1, 2001	192,959,821	250,951,819	156,676	—	—	(20,965,546)	268,000	(245,497,608)	177,873,162
Exchange difference arising on consolidation and loss not recognized in the income statement	—	—	—	—	—	(2,240,280)	—	—	(2,240,280)
Net loss for the period	—	—	—	—	—	—	—	(2,429,321)	(2,429,321)
Balance at 31st January, 2002 and 1st February, 2002	192,959,821	250,951,819	156,676	—	—	(23,205,826)	268,000	(247,926,929)	173,203,561
Exchange difference arising on consolidation and loss not recognized in the income statement	—	—	—	—	—	3,463,320	—	—	3,463,320
Unrealised holding loss arising on revaluation of other securities	—	—	—	—	(21,173,910)	—	—	—	(21,173,910)
Impairment loss recognised	—	—	—	—	21,173,910	—	—	—	21,173,910
Reversal of exchange differences on properties held for sale	—	—	—	—	—	19,742,506	—	—	19,742,506
Net loss for the period	—	—	—	—	—	—	—	(96,386,347)	(96,386,347)
Balance at 31st July, 2002 and 1st August, 2002	192,959,821	250,951,819	156,676	—	—	—	268,000	(344,313,276)	100,023,040
Capital Reduction (note 15a)	(188,135,826)	(250,951,819)	—	170,582,931	—	—	—	268,504,714	—
Placing of Shares (note 15b)	964,000	4,496,729	—	—	—	—	—	—	5,460,729
Net loss for the period	—	—	—	—	—	—	—	(13,274,719)	(13,274,719)
Balance at 31st January, 2003	5,787,995	4,496,729	156,676	170,582,931	—	—	268,000	(89,083,281)	92,209,050

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31st January, 2003

	Six months ended	
	31st January,	
	2003	2002
	HK\$	HK\$
	(unaudited)	(unaudited)
Net cash used in operating activities	(13,008,646)	(1,338,473)
Net cash used in investing activities	(8,806,600)	(6,983,838)
Net cash from financing activities	17,261,362	2,770,331
Net decrease in cash and cash equivalents	(4,553,884)	(5,551,980)
Cash and cash equivalents at beginning of the period	9,862,123	187,054
Cash and cash equivalent at end of the period	<u>5,308,239</u>	<u>(5,364,926)</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	5,308,239	3,744,452
Bank overdraft	—	(9,109,378)
	<u>5,308,239</u>	<u>(5,364,926)</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31st January, 2003

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Statement of Standard Accounting Practices ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st July, 2002, except as described below.

In the current period, the Group adopted, for the first time, a number of new and revised SSAPs issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following new and revised accounting policies.

SSAP 11	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 34	Employee benefits

The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, but has no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

3. SEGMENT INFORMATION

Business segments

An analysis of the Group's turnover and contribution to operating results by business segments is as follows:

	Property rental HK\$	Financial investment HK\$	Property sale HK\$	Tourism and sale of silk products HK\$	Other investment HK\$	Consolidated HK\$
For the six months ended						
31st January, 2003						
Revenue						
External sales	<u>1,263,467</u>	<u>—</u>	<u>17,293,326</u>	<u>16,085,393</u>	<u>—</u>	<u>34,642,186</u>
SEGMENT RESULT	<u>(1,498,939)</u>	<u>(5,759,920)</u>	<u>686,194</u>	<u>(279,336)</u>	<u>(6,201)</u>	<u>(6,858,202)</u>
Unallocated corporate income						192,981
Unallocated corporate expenses						<u>(1,867,782)</u>
Loss from operations						<u><u>(8,533,003)</u></u>
For the six months ended						
31st January, 2002						
Revenue						
External sales	<u>619,474</u>	<u>2,816,749</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,436,223</u>
SEGMENT RESULT AND LOSS FROM OPERATIONS	<u>(636,375)</u>	<u>(1,543,132)</u>	<u>(2,250)</u>	<u>—</u>	<u>—</u>	<u>(2,181,757)</u>

4. OTHER OPERATING INCOME

Included in other operating income were interest income from promissory note receivables of approximately HK\$597,000 (six months ended 31st January, 2002: Nil) and from loan receivables of approximately HK\$273,000 (six months ended 31st January, 2002: Nil) and release of negative goodwill of approximately HK\$186,000 (six months ended 31st January, 2002: Nil).

5. LOSS FROM OPERATIONS

Loss from operations for the six months ended 31st January, 2003 has been arrived at after charging depreciation of approximately HK\$645,000 (six month ended 31st January, 2002: Nil) in respect of the Group's property, plant and equipment and an allowance for loan receivable of approximately HK\$3,552,000 (six month ended 31st January, 2002: Nil).

6. TAXATION

The taxation for the six months ended 31st January, 2003 represents the provision for the People's Republic of China Income Tax (six months ended 31st January, 2002: Nil). No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profit for the period. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

7. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss for the period of HK\$13,274,719 (six months ended 31st January, 2002: HK\$2,429,321) and weighted average number of 512,262,599 (six months ended 31st January, 2002: number of 482,399,556) shares in issue during the period.

No disclosure of diluted loss per share for the six months ended 31st January, 2003 as there was no potential ordinary shares outstanding during the period.

For the six months ended 31st January, 2002, no disclosure of diluted loss per share as the effect of the potential ordinary shares in issue would result in a decrease in loss per share.

8. INVESTMENT PROPERTIES

The investment properties of the Group are held for rental purposes under operating leases and were revalued at 31st July, 2002 on an open market value basis by an independent firm of professional valuers, chartered surveyors.

At 31st January, 2003, the directors have considered the carrying amount of the Group's investment properties and have estimated that the carrying amount does not differ significantly from that would be determined using fair values at that date. Accordingly, the same revaluation at 31st July, 2002 has been adopted by the directors for those properties and included in the condensed financial statements.

9. GOODWILL

Goodwill of approximately HK\$7,604,000 was released upon disposal of subsidiaries as set out in note 16. For the six months ended 31st January, 2003, goodwill of approximately HK\$1,880,000 (six months ended 31st January, 2002: Nil) was amortised. The amortisation period adopted for the remaining goodwill was 3 years.

10. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers. An aging analysis of trade receivables is as follows:

	31st January, 2003 HK\$	31st July, 2002 HK\$
0 to 60 days	145,478	636,422
61 to 90 days	46,060	100,154
91 days or above	646,310	237,021
	<hr/>	<hr/>
Total trade receivable	837,848	973,597
Other receivables	8,006,002	2,954,788
	<hr/>	<hr/>
	8,843,850	3,928,385
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11. LOAN RECEIVABLES

During the six months ended 31st January, 2003, the Group granted loans of HK\$7,000,000. At 31st January, 2003, the loans are unsecured, interest bearing at Hong Kong prime rate and repayable within twelve months from the balance sheet date.

12. TRADE AND OTHER PAYABLES

An aged analysis of trade payables is as follows:

	31st January, 2003 HK\$	31st July, 2002 HK\$
0 to 60 days	556,002	758,282
61 to 90 days	145,335	—
91 days or above	134,070	406,779
	<hr/>	<hr/>
Total trade payables	835,407	1,165,061
Other payables	2,284,068	3,023,002
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	3,119,475	4,188,063
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13. PROMISSORY NOTE PAYABLES

The promissory note payables are unsecured. Out of the promissory note payables at 31st January, 2003, an amount of approximately HK\$5,955,000 bears interest at Hong Kong best lending rate and is repayable on 21st July, 2003 and the remaining of HK\$300,000 bears interest at 5% per annum and is repayable on 30th July, 2003.

14. SECURED BANK LOANS

During the six months ended 31st January, 2003, the Group obtained bank loans amounting to HK\$15,665,000. At 31st January, 2003, the loans bear interest at prevailing market rates and are repayable in instalments over a period of 10 years. The proceeds were used for general working capital purposes.

15. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$
Authorised:		
At 1st August, 2001 and 31st July, 2002, at HK\$0.40 each	2,250,000,000	900,000,000
Capital reduction (<i>note a</i>)	—	(877,500,000)
	<u>2,250,000,000</u>	<u>22,500,000</u>
Increase in authorised share capital (<i>note a</i>)	<u>10,000,000,000</u>	<u>100,000,000</u>
At 31st January, 2003, at HK\$0.01 each	<u><u>12,250,000,000</u></u>	<u><u>122,500,000</u></u>
Issued and fully paid:		
At 1st August, 2001 and 31st July, 2002, at HK\$0.40 each	482,399,556	192,959,821
Capital reduction (<i>note a</i>)	—	(188,135,826)
	<u>482,399,556</u>	<u>4,823,995</u>
Placing of shares on 6th December, 2002 (<i>note b</i>)	<u>96,400,000</u>	<u>964,000</u>
At 31st January, 2003, at HK\$0.01 each	<u><u>578,799,556</u></u>	<u><u>5,787,995</u></u>

15. SHARE CAPITAL - Continued

- (a) On 10th October, 2002, an order of petition (the "Order") was granted by the High Court of Hong Kong Special Administrative Region (the "High Court"). Pursuant to the Order, the reduction of the share capital and the cancellation of the share premium account of the Company as resolved and effected by a special resolution passed at an extraordinary general meeting of the Company held on 2nd September, 2002, be and the same was confirmed in accordance with the provisions of Section 59 of the Companies Ordinance.

The High Court approved the minute set forth in the schedule 2 of the Order (the "Minute"). Pursuant to the Minute, the capital of the Company was by virtue of special resolutions of the Company with the sanction of the Order reduced from HK\$900,000,000 divided into 2,250,000,000 ordinary shares of HK\$0.40 each (of which 482,399,556 shares had been issued and were fully paid up or credited as fully paid) to HK\$22,500,000 divided into 2,250,000,000 ordinary shares of HK\$0.01 each. The Company further by ordinary resolution provided that forthwith upon such reduction of capital taking effect, the authorised share capital of the Company would be increased from HK\$22,500,000 to HK\$122,500,000 by the creation of additional 10,000,000,000 shares of HK\$0.01 each. Accordingly, on the registration of the Minute, the authorised share capital of the Company was HK\$122,500,000 divided into 12,250,000,000 shares of HK\$0.01 each, of which 482,399,556 shares had been issued and were fully paid up or credited as fully paid and the remaining shares are unissued. The sum of HK\$250,951,819 standing to the credit of the share premium account of the Company was reduced and cancelled against the accumulated losses of the Company.

In addition, the Company gave the undertaking set forth in the Schedule 1 of the Order (the "Undertaking"). Pursuant to the Undertaking, the Company undertook that out of the capital by which the Company sought to be reduced, a sum of HK\$170,582,931 would be credited to a capital reduction reserve in the books of account of the Company to be designated as capital reduction reserve account (the "Capital Reduction Reserve Account") which would not be treated as realized profits and should be treated as a reserve of the Company, which should not be distributable until or unless the creditors of the Company as at the date of the sanction of the reduction of capital (the "Creditors") were fully settled, provided for by the Company or the remaining Creditors and each of them did consent by which time the Capital Reduction Reserve Account would be cancelled and provided that prior to the cancellation of the Capital Reduction Reserve Account, the Company might apply it in paying up unissued shares of the Company to be issued to members as fully paid bonus shares and the audited accounts of the Company would contain a note recording this undertaking.

- (b) On 20th November, 2002, a placing agent agreed with the Company to place, on a fully underwritten basis, 96,400,000 new ordinary shares of a nominal value of HK\$0.01 each in the capital of the Company at a price of HK\$0.059 per share (the "Placing"). The net proceeds of the Placing were approximately HK\$5.4 million which would be used for general working capital. The new shares rank *pari passu* in all respects with the then existing shares.

16. DISPOSAL OF SUBSIDIARIES

On 30th January, 2003, the Group entered into a sale agreement to dispose of its entire interests in Smart Hero Developments Limited, Brilliant Choice Agents Limited and Super Achieve Enterprises Limited at cash considerations of HK\$1,500,000, HK\$4,000,000 and HK\$2,500,000, respectively. A loss of approximately HK\$3,518,000 was resulted on the disposal of subsidiaries.

The subsidiaries disposed of contributed a net cash inflow of approximately HK\$7,998,000 to the Group's net cash used in investing activities. They did not contribute significantly to the Group's operating results.

17. POST BALANCE SHEET EVENT

Subsequent to the interim reporting date, the Company placed 115,000,000 ordinary shares to independent investors at a price of HK\$0.04 per share on an arm's length basis. The proceeds from the shares issued will be used as the Company's general working capital for operating activities.

INDEPENDENT REVIEW REPORT

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**Deloitte
Touche
Tohmatsu**

TO THE BOARD OF DIRECTORS OF YOSHIYA INTERNATIONAL CORPORATION LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 1 to 12.

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 No.25 "Interim Financial Reporting" ("SSAP 25") 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" ("SAS 700") issued by the Hong Kong Society of Accountants. A review consists principally of making enquires of group management and applying analytical procedures to the interim financial report and based thereof, 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 31st January, 2003.

Without modifying our review conclusion, we draw to your attention that the comparative condensed consolidated income statement, and condensed consolidated cash flow statement for the six months ended 31st January, 2003 disclosed in the interim financial report have not been reviewed in accordance with SAS 700.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 25th April, 2003

INTERIM DIVIDEND

The board of directors does not recommend the payment of any interim dividend for the six months ended 31st January, 2003 (six months ended 31st January, 2002: Nil).

REVIEW OF THE RESULTS

The Group reported a turnover of approximately HK\$34.6 million for the six months ended 31st January, 2003, representing an increase of 917.6% from approximately HK\$3.4 million for the corresponding period in the last year. Turnover for the period was mainly contributed from sale of properties, tourism and sale of silk products.

The Group recorded a net loss of approximately HK\$13.3 million for the six months ended 31st January, 2003 compared to a net loss of approximately HK\$2.5 million in the last corresponding period. This was mainly attributable to the loss on disposal of subsidiaries.

LIQUIDITY AND FINANCIAL RESOURCES

The cash balance of the Group decreased by 46.5% from approximately HK\$9.9 million at 31st July, 2002 to approximately HK\$5.3 million at 31st January, 2003, and the total bank borrowings of the Group increased by 480.8% from approximately HK\$2.6 million at 31st July, 2002 to approximately HK\$15.1 million at 31st January, 2003, and the total debt-to-equity ratio reduced from 37.3% at 31st July, 2002 to 26.9% at 31st January, 2003.

EXCHANGE RATE EXPOSURE

Except for certain properties held for sale in Japan and the business of tourism and sale of silk products (serving mainly Japanese tourists), all assets, liabilities and transactions of the Group are denominated in Hong Kong dollars. The fluctuation of foreign currencies did not have a significant impact on the performance of the Group.

BUSINESS REVIEW

Property investment and development

Property investment and development continues to be one of the core businesses of the Group. However, due to the continued down-turn in the local property market, the occupancy rate and hence the average rental return generated by the Group's investment properties was less than satisfactory.

During the period, the Group had disposed of certain properties in the People's Republic of China and Hong Kong at a total consideration of approximately HK\$17.3 million. All proceeds of sale were utilized to reduce the liabilities of the Group and as a result the Group's gearing ratio decreased to 26.9% as at 31st January, 2003, compared to 37.3% as at 31st July, 2002.

In January 2003, the Group entered into an agreement with an independent third party to dispose a wholly owned subsidiary, which solely held a 10% equity interest in Focus Venue Sdn Bhd, at a consideration of HK\$2.5 million. The Group recorded a resulting loss on disposal of this investment of approximately HK\$1,482,000 during the period.

Tourism and sale of silk products

This division of the Group continues to be another core business of the Group, accounting for around 46% of the Group's total turnover during the period under review. Operated by the Group's subsidiary, Marcello Asia Limited, focus was maintained via its retail shop in selling silk and clothing products and targeting tourists visiting Hong Kong. However, despite the Hong Kong Government's effort in promoting the local tourism industry and the corresponding measures implemented by the PRC Government, the Group recorded a slight loss of approximately HK\$0.3 million from this division for the period.

BUSINESS REVIEW - *Continued*

Other Business

In January 2003, the Group entered into an agreement with an independent third party to dispose two wholly owned subsidiaries, which solely held a 20% equity interest in Vistanet (M) Sdn Bhd and 100% equity interest in Finacorp Resources (M) Sdn Bhd, at a consideration of HK\$1.5 million and HK\$4 million respectively. Prior to their disposal, these companies were mainly responsible for the Group's business of construction and interior design works in Malaysia. However, due to the regional wide sluggishness in the economy in general, the performance of these companies did not achieve that as expected, and accordingly in order to reduce any further loss on the Group, these companies were disposal of and a loss on disposal of these investments of approximately HK\$2,036,000 was recorded for the period.

Prospects

The uncertainties faced by global economy exacerbated by the Middle East crisis and other various political tensions are likely to hinder any near term recovery. Furthermore, Hong Kong is adversely affected by the recent outbreak of the severe acute respiratory syndrome (SARS). The resulting adverse impact on the local economy, in particular the tourism, retail and property sector, is more than apparent. Effects will continue to be made by the Board to review and closely monitor the Group's existing operations and their performance during these difficult time ahead. Moreover, in order to conserve resources for future development, non-core businesses and investments or assets with little strategic value may be disposed of in the forthcoming years should opportunities arise.

CONTINGENT LIABILITIES

At 31st January, 2003, the Company has outstanding guarantees issued in favour of a bank in respect of banking facilities made available to a subsidiary amounting to HK\$11,000,000 (31st July, 2002: HK\$22,000,000).

In addition, the Company has given guarantees to promissory note holders to secure the payment of outstanding principal and interest of promissory note payables of HK\$6,255,122 issued by its subsidiaries (31st July, 2002: HK\$30,272,000).

PLEDGE OF ASSETS

At 31st January, 2003, certain investment properties of the Group amounting to approximately HK\$32,450,000 (at 31st July, 2002: HK\$32,650,000) had been pledged to banks to secure credit facilities to the extent of HK\$16,665,000 (at 31st July, 2002: HK\$26,000,000) granted to the Group of which approximately HK\$15,086,000 (at 31st July, 2002: HK\$2,561,000) was utilised by the Group.

REWARD FOR EMPLOYEE

The Group offers its employees competitive remuneration packages.

DIRECTORS' INTERESTS IN SHARES OR SHARE OPTIONS

As at 31st January, 2003, none of the directors or their spouses or children under the age of 18 had any interest in shares or share options of the Company, and at no time during the period was the Company or any of its subsidiaries 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 SHAREHOLDER

As at 31st January, 2003, the register of substantial shareholder maintained by the Company under Section 16(1) of the SDI Ordinance showed that the following shareholder had an interest of 10% or more in the Company's issued share capital:

Name of Shareholder	Number of Shares Held	%
Success Field Group Limited	143,000,000	24.71
Super Master Group Limited	143,000,000	24.71
Capital Strategic Investment Limited	143,000,000	24.71

Note: The 143,000,000 shares were held by Success Field Group Limited, a wholly owned subsidiary of Super Master Group Limited, which is a wholly owned subsidiary of Capital Strategic Investment Limited.

Save as disclosed above, as at 31st January, 2003, the Company had not been notified of any other interests representing 10% or more of the issued share capital of the Company.

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 31st January, 2003.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31st January, 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF BEST PRACTICE

Throughout the period, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules of The Stock Exchange of Hong Kong Limited except that independent non-executive directors are not appointed for a specific term as they are subject to rotation at annual general meetings in accordance with Article 94, and 103(A) of the Company's Articles of Association.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

A results announcement containing the information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

By order of the Board

Choo Yeow Ming

Executive Chairman

Hong Kong, 25th April, 2003