



**CHI CHEUNG INVESTMENT COMPANY, LIMITED**  
**至祥置業有限公司**

*(Incorporated in Hong Kong with limited liability)*

**Interim Report**  
**For The Six Months**  
**Ended 30th June, 2003**

# CONTENTS

<b>Independent Review Report</b>	1
<b>Results</b>	
Condensed Consolidated Income Statement	2
Condensed Consolidated Balance Sheet	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Cash Flow Statement	4
Notes to the Condensed Financial Statements	5
<b>Interim Dividend</b>	9
<b>Business Review</b>	9
<b>Prospects</b>	10
<b>Directors' Interests</b>	11
<b>Substantial Shareholders' Interests</b>	12
<b>Purchase, Sale or Redemption of Listed Securities</b>	13
<b>Code of Best Practice</b>	13
<b>Appreciation</b>	13

## CORPORATE INFORMATION

*Executive Directors:*

Thomas Lau, Luen-hung (*Chairman*)

Joseph Lau, Luen-hung

*Independent Non-executive Directors:*

Eddie Chan, Kwok-wai

Shum, Man-wai

*Registered Office:*

26th Floor, MassMutual Tower

38 Gloucester Road

Wanchai, Hong Kong

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## **INDEPENDENT REVIEW REPORT**

### **TO THE BOARD OF DIRECTORS OF CHI CHEUNG INVESTMENT COMPANY, LIMITED**

*(Incorporated in Hong Kong with limited liability)*

#### **Introduction**

We have been instructed by the Directors of the Company to review the interim financial report set out on pages 2 to 8.

#### **Respective responsibilities of directors and auditors**

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the Directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### **Review work performed**

We conducted our review in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports” issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

#### **Review conclusion**

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2003.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong, 2nd September, 2003

## RESULTS

The Board of Directors of Chi Cheung Investment Company, Limited (the “Company”) would like to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2003 together with the comparative figures for the corresponding period last year as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30th June, 2003*

	<b>Six months ended 30th June,</b>	
	<b>2003</b>	<b>2002</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Turnover ( <i>Note 3</i> )	<b>23</b>	1,175
Property expenses	<b>(9)</b>	(657)
Net rental income	<b>14</b>	518
Other revenue ( <i>Note 5</i> )	<b>43</b>	256
Administrative expenses ( <i>Note 6</i> )	<b>(1,189)</b>	(1,500)
Other operating expenses	<b>–</b>	(248)
Loss from operations	<b>(1,132)</b>	(974)
Write-back of allowance for amount due from an associate	<b>–</b>	900
Finance costs	<b>–</b>	(745)
Loss before taxation	<b>(1,132)</b>	(819)
Taxation ( <i>Note 7</i> )	<b>160</b>	–
Loss for the period	<b>(972)</b>	(819)
Loss per share ( <i>Note 8</i> )		
Basic	<b>(0.03) cents</b>	(0.03) cents
Diluted	<b>N/A</b>	N/A
Interim dividend per share	<b>–</b>	–

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**At 30th June, 2003**

	<b>30th June, 2003 HK\$'000 (Unaudited)</b>	31st December, 2002 HK\$'000 (Audited)
Non-current assets		
Investment property	500	500
Property and other fixed assets	708	746
Property under development ( <i>Note 9</i> )	9,500	9,500
Other asset	270	270
	<u>10,978</u>	<u>11,016</u>
Current assets		
Property under development ( <i>Note 9</i> )	138,224	125,000
Debtors, deposits and prepayments ( <i>Note 10</i> )	251	423
Bank balances and cash	5,539	11,152
	<u>144,014</u>	<u>136,575</u>
Current liabilities		
Creditors and accruals ( <i>Note 11</i> )	5,453	5,330
Borrowings – due within one year ( <i>Note 12</i> )	30,250	–
	<u>35,703</u>	<u>5,330</u>
Net current assets	<u>108,311</u>	<u>131,245</u>
Total assets less current liabilities	<u>119,289</u>	<u>142,261</u>
Non-current liabilities		
Borrowings – due after one year ( <i>Note 12</i> )	–	22,000
Loans from minority shareholders of subsidiaries – due after one year	45,100	45,100
	<u>45,100</u>	<u>67,100</u>
Minority interests	<u>(45,100)</u>	<u>(45,100)</u>
	<u>119,289</u>	<u>120,261</u>
Capital and reserves		
Share capital ( <i>Note 13</i> )	297,131	297,131
Reserves	(177,842)	(176,870)
	<u>119,289</u>	<u>120,261</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*For the six months ended 30th June, 2003*

	<b>Share capital</b> <i>HK\$'000</i>	<b>Share premium</b> <i>HK\$'000</i>	<b>Accumulated losses</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1st January, 2002	297,131	66,250	(227,496)	135,885
Loss for the period	<u>–</u>	<u>–</u>	<u>(819)</u>	<u>(819)</u>
At 30th June, 2002	297,131	66,250	(228,315)	135,066
Loss for the period	<u>–</u>	<u>–</u>	<u>(14,805)</u>	<u>(14,805)</u>
At 31st December, 2002	297,131	66,250	(243,120)	120,261
Loss for the period	<u>–</u>	<u>–</u>	<u>(972)</u>	<u>(972)</u>
At 30th June, 2003	<u>297,131</u>	<u>66,250</u>	<u>(244,092)</u>	<u>119,289</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
*For the six months ended 30th June, 2003*

	<b>Six months ended 30th June, 2003</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2002</b> <i>HK\$'000</i> <b>(Unaudited)</b>
Net cash (used in) generated from operating activities	<b>(4,091)</b>	35,049
Net cash used in investing activities	<b>(9,772)</b>	(248)
Net cash generated from (used in) financing activities	<b>8,250</b>	(40,000)
Net decrease in cash and cash equivalents	<b>(5,613)</b>	(5,199)
Cash and cash equivalents at beginning of the period	<u>11,152</u>	<u>8,682</u>
Cash and cash equivalents at end of the period	<u><b>5,539</b></u>	<u>3,483</u>
Analysis of cash and cash equivalents		
Bank balances and cash	<u><b>5,539</b></u>	<u>3,483</u>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2003

### 1. Basis of preparation

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

### 2. Accounting policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties. The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2002, except that the Group has adopted SSAP 12 (Revised) “Income Taxes” in the current period.

#### *Income Taxes*

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In prior periods, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

### 3. Turnover

Turnover represents property rental income received and receivable.

### 4. Segment information

#### *Business segments*

	Property development		Property leasing		Consolidated	
	Six months ended 30th June, 2003		Six months ended 30th June, 2002		Six months ended 30th June, 2003	
	2003	2002	2003	2002	2003	2002
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Segment turnover	<u>–</u>	<u>–</u>	<u>23</u>	<u>1,175</u>	<u>23</u>	<u>1,175</u>
Segment result	<u>(13)</u>	<u>–</u>	<u>19</u>	<u>526</u>	<u>6</u>	<u>526</u>
Unallocated operating expenses					<u>(1,138)</u>	<u>(1,500)</u>
Loss from operations					<u>(1,132)</u>	<u>(974)</u>
Write-back of allowance for amount due from an associate					–	900
Finance costs					<u>–</u>	<u>(745)</u>
Loss before taxation					<u>(1,132)</u>	<u>(819)</u>
Taxation					<u>160</u>	<u>–</u>
Loss for the period					<u>(972)</u>	<u>(819)</u>

#### *Geographical segments*

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

## 5. Other revenue

	Six months ended 30th June,	
	2003	2002
	HK\$'000	HK\$'000
Property management income	–	200
Interest income	39	51
Sundry income	4	5
	<u>43</u>	<u>256</u>

## 6. Administrative expenses

	Six months ended 30th June,	
	2003	2002
	HK\$'000	HK\$'000
Included in administrative expenses:		
Staff expenses	123	174
Depreciation	38	40
	<u>161</u>	<u>214</u>

## 7. Taxation

	Six months ended 30th June,	
	2003	2002
	HK\$'000	HK\$'000
The credit comprises:		
Overprovision of Hong Kong Profits Tax in prior years	<u>160</u>	<u>–</u>

No provision for Hong Kong Profits Tax has been made for both periods as the Company and its subsidiaries either did not have any assessable profits or the assessable profits of certain subsidiaries are wholly absorbed by tax losses brought forward. As at 30th June, 2003, the Group had potential net deferred taxation assets principally resulting from estimated tax losses. The potential net deferred taxation asset has not been recognised in the condensed financial statements due to the unpredictability of future profit streams.

## 8. Loss per share

The calculation of the basic loss per share is based on the loss attributable to shareholders for the period of approximately HK\$972,000 (30th June, 2002: HK\$819,000) and on 2,971,305,343 ordinary shares in issue during both periods.

The computation of diluted loss per share does not assume the conversion of the Company's warrants since the exercise price is higher than the average fair market value of the shares for both 2003 and 2002.



## 9. Properties under Development

	<i>HK\$'000</i>
<b>Costs</b>	
At 1st January, 2003	214,978
Additions	<u>13,224</u>
At 30th June, 2003	<u>228,202</u>
<b>Accumulated impairment losses</b>	
At 1st January, 2003 and at 30th June, 2003	<u>80,478</u>
<b>Net book value</b>	
At 30th June, 2003	<u><u>147,724</u></u>
Total properties under development	147,724
Less: Amount shown under current assets	<u>(138,224)</u>
Amount shown under non-current assets	<u><u>9,500</u></u>

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

At 30th June, 2003, the interest capitalised in the cost of the properties under development was approximately HK\$334,000 (at 31st December, 2002: HK\$94,000).

## 10. Debtors, Deposits and Prepayments

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$15,000 (at 31st December, 2002: HK\$8,000) comprising mainly of rental receivables.

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

	<b>30th June, 2003</b>	31st December, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	4	4
31 – 60 days	4	4
Over 60 days	7	–
	<u>15</u>	<u>8</u>

## 11. Creditors and Accruals

Included in creditors and accruals are trade payables of HK\$3,413,000 (at 31st December, 2002: HK\$2,819,000).

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

	<b>30th June, 2003</b>	31st December, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	<u><u>3,413</u></u>	<u><u>2,819</u></u>

## 12. Borrowings

	<b>30th June, 2003 HK\$'000</b>	31st December, 2002 HK\$'000
Bank loan, secured	<u>30,250</u>	<u>22,000</u>
The maturity profile of the above loan is as follows:		
On demand or within one year	<b>30,250</b>	–
More than one year, but not exceeding two years	<u>–</u>	<u>22,000</u>
	<b>30,250</b>	22,000
<i>Less:</i> Amount due within one year shown under current liabilities	<u>(30,250)</u>	<u>–</u>
Amount due after one year	<u>–</u>	<u>22,000</u>

In 2002, the Group obtained a new banking facility of HK\$79,000,000, of which HK\$22,000,000 had been drawn down as at 31st December, 2002 and an additional HK\$8,250,000 was drawn down during the period. The bank loan, which bore interest at market rate, is guaranteed by Chinese Estates Holdings Limited (“Chinese Estates”), the ultimate holding company of the Company.

## 13. Share Capital

	<b>Number of ordinary shares</b>	<b>Nominal value HK\$'000</b>
Ordinary shares of HK\$0.10 each		
<i>Authorised:</i>		
At 31st December, 2002 and 30th June, 2003	<u>5,000,000,000</u>	<u>500,000</u>
<i>Issued and fully paid:</i>		
At 31st December, 2002 and 30th June, 2003	<u>2,971,305,343</u>	<u>297,131</u>

## 14. Capital Commitments

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

	<b>30th June, 2003 HK\$'000</b>	31st December, 2002 HK\$'000
Development expenditure of properties in Hong Kong contracted but not provided for in the condensed financial statements	<u>44,801</u>	<u>55,623</u>

## 15. Related Party Transactions

During the period, the Group entered into the following transactions with related parties:

	<b>Six months ended 30th June, 2003 HK\$'000</b>	2002 HK\$'000
Rentals paid to a fellow subsidiary	<u>30</u>	<u>110</u>

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

In addition, the Group entered into a sale and purchase agreement with Chinese Estates for a proposed asset transaction. The Company also proposed a capital reorganisation in order to facilitate the above transaction. Details of the above are set out in the joint circular of the Company and Chinese Estates dated 5th March, 2003.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the period (2002: Nil).

## **BUSINESS REVIEW**

### **Results**

Turnover for the six months ended 30th June, 2003, which was derived from rental income, decreased to HK\$23,000 from HK\$1.2 million for the same period last year. Significant drop of 98.1% was attributed by the disposal of Arbuthnot Business Centre in May 2002. Rental income derived from another property resulted in a gross profit of HK\$14,000 for the period under review (30th June, 2002: HK\$0.5 million).

The Group recorded HK\$1.1 million loss from operations, an increase of HK\$0.1 million or 10% from HK\$1 million for the same period last year. Loss per share remained at HK0.03 cents for both periods.

### **Net Asset Value**

As at 30th June, 2003, the Group's total net asset amounted to HK\$119.3 million, a small decline of HK\$1 million or 0.8% as compared with the value of HK\$120.3 million as at 31st December, 2002. Total net asset value per share of HK\$0.04 remained the same as last year.

### **Debt and Gearing**

As at 30th June, 2003, the Group has bank and other borrowings amounted to HK\$30.3 million (31st December, 2002: HK\$22 million) which is secured and repayable within 1 year. Cash and bank balances amounted to HK\$5.5 million (31st December, 2002: HK\$11.2 million) and net borrowings amounted to HK\$24.8 million (31st December, 2002: HK\$10.8 million). Total debt to equity ratio was 25.4% (31st December, 2002: 18.3%) and net debt to equity ratio was 20.8% (31st December, 2002: 9%) which are expressed as a percentage of bank and other borrowings over the total net assets of HK\$119.3 million (31st December, 2002: HK\$120.3 million). The increase in the ratio was mainly due to an increase in bank borrowings for the property development project at No. 255 Queen's Road Central (now named as "Manhattan Avenue").

As at 30th June, 2003, the Group's borrowing was wholly denominated in Hong Kong dollars and carried at interest rates calculated with reference to HIBOR. The Group did not have any financial instruments used for hedging purpose. All assets and investments of the Group were denominated in Hong Kong dollars. The Group did not have any contingent liabilities as at 30th June, 2003.

### **Pledge of Assets**

As at 30th June, 2003, the Group's property under development with a book value of HK\$138.2 million (31st December, 2002: HK\$125 million) was pledged to secure a banking facilities of HK\$79 million.

### **Obligations under Banking Facility Documentation**

As at 30th June, 2003, particulars of loan covenants which impose specific performance obligations on the controlling shareholder of the Company are set out below.

In respect of a banking facility of HK\$79 million with a term of 18 months granted to a wholly-owned subsidiary of the Company, Chinese Estates Holdings Limited ("Chinese Estates"), as guarantor, will maintain a minimum consolidated tangible net worth of HK\$7 billion and will remain as its holding company.

## **Financial and Interest Income/Expenses**

Interest income for the six months ended 30th June, 2003 amounted to HK\$0.04 million as compared to HK\$0.05 million for the same period last year. No interest expenses was charged to the income statement (30th June, 2002: HK\$0.75 million) but capitalised during the period as they were incurred for the property development project of Manhattan Avenue.

## **Remuneration Policies and Share Option Scheme**

During the period under review, the Group employed a total of 3 staff. Remuneration packages comprised salary and year-end bonuses based on individual merits. No share option scheme was adopted for the period.

## **Property**

The superstructure works of Manhattan Avenue is in progress. A residential building with clubhouse facilities and ground floor shops will be constructed. Upon completion, this development will provide a total gross floor area of approximately 42,314 square feet with residential area of approximately 39,332 square feet. The whole project is scheduled for completion in the fourth quarter of 2003. Public sale was launched in August 2003 and all the 75 residential units have been disposed with 3 shops remain unsold.

The property at No.34 Hill Road in Western District, a 7-storey composite building over 40 years old, is currently vacant. The site has an area of approximately 2,146 square feet and has been put on the market for sale.

## **Corporate Restructuring**

On 11th February, 2003, the Company and Jumbo Legend Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Chinese Estates relating to, among other things, the purchase of a group of wholly-owned subsidiaries of Chinese Estates, which hold direct or indirect interests in various properties, and the sale of Super Series Limited, which holds 100% indirect interest in the development project of Manhattan Avenue. The consideration of the acquisition is approximately HK\$615.8 million (the "CC Consideration") and the proceeds on disposal of Super Series Limited is approximately HK\$103.9 million (the "C Consideration"). The CC Consideration will be satisfied partly by set-off against the C Consideration in cash and partly by the allotment and issue of approximately 11,375.6 million shares of the Company at an issue price of HK\$0.045 per share. A capital reorganisation of the Company was proposed to facilitate the said asset transaction.

The above asset transaction and capital reorganisation were approved by the shareholders at the extraordinary general meeting held on 28th March, 2003 and have been disclosed in the Company's 2002 annual report. Completion is subject to other conditions precedent being fulfilled (including the approval from the court of the capital reorganisation being obtained) and is still in process.

## **PROSPECTS**

The asset transaction and capital reorganisation are expected to be completed in the next few months. The Directors believe that the Group's property portfolio will be strengthened after the completion and the properties to be acquired from Chinese Estates will generate a recurrent rental income to the Group in the future. This will provide the Group with a solid base to face challenges ahead.

## DIRECTORS' INTERESTS

As at 30th June, 2003, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

### I. The Company

Name of Director	Number of Shares (ordinary share)	Number of Underlying Shares (ordinary share)	Note	Percentage of Issued Share Capital
Mr. Joseph Lau, Luen-hung – Corporate interests	13,534,788,778	383,527,348	1	468.42%

### II. Associated Corporation of the Company

#### Chinese Estates

Name of Director	Number of Shares (ordinary share)	Note	Percentage of Issued Share Capital
Mr. Joseph Lau, Luen-hung – Personal interests	402,025,668		
– Other interests	1,000,000,000	2	
	<u>1,402,025,668</u>		63.99%
Mr. Thomas Lau, Luen-hung – Corporate interests	11,508,000	3	
– Other interests	206,379,187	4	
	<u>217,887,187</u>		9.95%

Notes:

1. Mr. Joseph Lau, Luen-hung, by virtue of his 63.99% interest in the issued share capital of Chinese Estates as disclosed in paragraph II above, was deemed to be interested in these shares and underlying shares of the Company under the provisions of the SFO. Chinese Estates is interested in 13,534,788,778 shares of the Company of which 2,159,475,904 shares are issued shares and 11,375,312,874 shares are to be issued to Chinese Estates upon completion of a conditional sale and purchase agreement dated 11th February, 2003 to satisfy part of the consideration payable by the Company to Chinese Estates for an asset transaction. The 383,527,348 underlying shares are in respect of the warrants which are listed physically settled options and exercisable at any time during the period from 21st November, 2000 to 20th November, 2003 at a subscription price of HK\$0.10 per share (subject to adjustment).
2. The 1,000,000,000 shares were held by a unit trust of which Mr. Joseph Lau, Luen-hung was a unit holder. These shares were indirectly owned by a discretionary trust of which Mr. Joseph Lau, Luen-hung was the founder and certain family members of Mr. Joseph Lau, Luen-hung are eligible beneficiaries.

3. *These shares were beneficially owned by Cosco Limited which is wholly owned by Mr. Thomas Lau, Luen-hung.*
4. *These shares were indirectly owned by another discretionary trust of which certain family members of Mr. Thomas Lau, Luen-hung are eligible beneficiaries.*

All the interests stated above represent long positions. The percentage shown was the number of shares and underlying shares the relevant director was interested expressed as a percentage of the number of issued shares as at 30th June, 2003.

Save as disclosed above, none of the other directors and chief executives of the Company had or were deemed under the SFO to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30th June, 2003, and none of the directors or chief executives of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations during the six months ended 30th June, 2003.

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS**

As at 30th June, 2003, so far as are known to the directors, the following parties (other than a director or chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

<b>Name of Shareholder</b>	<b>Number of Shares (ordinary share)</b>	<b>Number of Underlying Shares (ordinary share)</b>	<b>Note</b>	<b>Percentage of issued share capital</b>
Billion Up Limited	2,159,475,904	383,527,348	1	85.59%
Lucky Years Ltd.	2,159,475,904	383,527,348	1 & 2	85.59%
Chinese Estates	13,534,788,778	383,527,348	2 & 3	468.42%
Global King Ltd.	13,534,788,778	383,527,348	3 & 4	468.42%
Credit Suisse Trust Limited	13,534,788,778	383,527,348	3 & 4	468.42%
Rapid Growth Holdings Limited	209,258,951		5	7.04%
Latest Trend Limited	209,258,951		6	7.04%
Paliburg Development BVI Holdings Limited	209,258,951		6	7.04%
Paliburg Holdings Limited	209,258,951		6	7.04%
Century City BVI Holdings Limited	209,258,951		6	7.04%
Century City International Holdings Limited	209,258,951		6	7.04%
Mr. Lo, Yuk-sui	209,258,951		6	7.04%

*Notes:*

1. *The 2,159,475,904 shares were included in the 13,534,788,778 shares and the 383,527,348 underlying shares were the same parcel of the 383,527,348 underlying shares referred to in "Corporate Interests" of Mr. Joseph Lau, Luen-hung under the heading "Directors' Interests".*
2. *Billion Up Limited is a wholly-owned subsidiary of Lucky Years Ltd., which in turn is a wholly-owned subsidiary of Chinese Estates, and its interests in the shares and underlying shares of the Company were duplicated and included in the shareholding stated against Lucky Years Ltd. and Chinese Estates.*
3. *These interests were the same as those referred to in "Corporate Interests" of Mr. Joseph Lau, Luen-hung under the heading "Directors' Interests".*

4. *Credit Suisse Trust Limited as trustee of a discretionary trust held units in a unit trust of which Global King Ltd. is the trustee. Global King Ltd. is entitled to exercise more than one-third of the voting power at general meetings of Chinese Estates. Accordingly, Global King Ltd. and Credit Suisse Trust Limited were deemed to be interested in the same interests stated against Chinese Estates.*
5. *137,674,951 shares are held by Rapid Growth Holdings Limited (“Rapid Growth”) and 71,584,000 shares are held by its wholly-owned subsidiary.*
6. *The shares in Rapid Growth is 50% controlled by Latest Trend Limited, which is a wholly-owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly-owned subsidiary of Paliburg Holdings Limited (“PHL”). PHL is a subsidiary of Century City BVI Holdings Limited, which owned 72.33% shareholding interests in PHL as at 30th June, 2003 and in turn is a wholly-owned subsidiary of Century City International Holdings Limited. Mr. Lo, Yuk-sui controls 50.81% interest in Century City International Holdings Limited. Accordingly, these shares relate to the same parcel of shares in the Company and are duplicated in the shareholding stated against Rapid Growth.*

All the interests stated above represent long positions. As at 30th June, 2003, no short positions were recorded in the register kept by the Company under section 336 of the SFO.

#### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30th June, 2003, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

#### **CODE OF BEST PRACTICE**

The Audit Committee comprising two Independent Non-executive Directors of the Company has reviewed the details of the interim report for the six months ended 30th June, 2003.

Except that the Independent Non-executive Directors are not appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company’s annual general meeting in accordance with the Company’s Articles of Association, none of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not, for any part of the six months ended 30th June, 2003 in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

#### **APPRECIATION**

I take this opportunity to thank our shareholders for their support and my fellow directors and our staff for their hard work during the period.

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

2nd September, 2003