

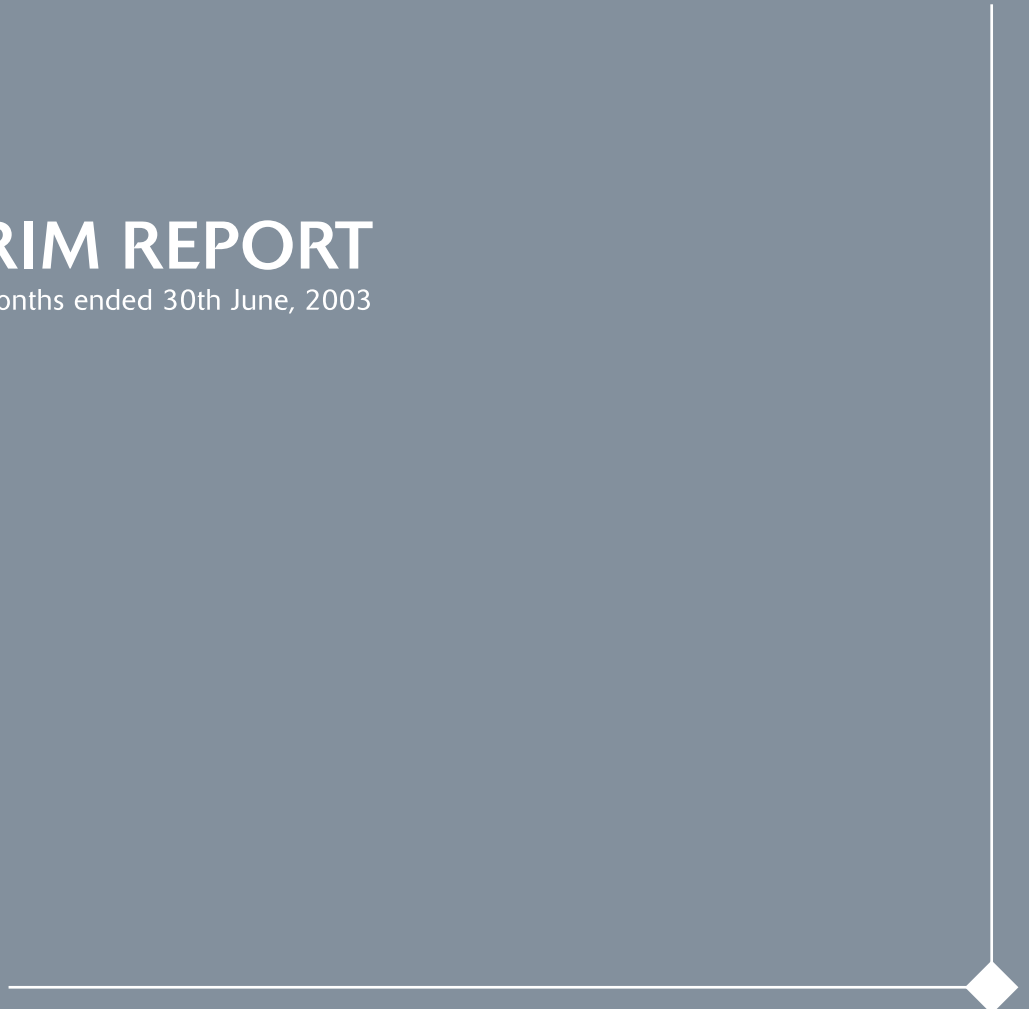


**The Hong Kong Building and Loan Agency Limited**  
**香港建屋貸款有限公司**

(Incorporated in Hong Kong with limited liability)

**INTERIM REPORT**

For the six months ended 30th June, 2003



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The Directors of The Hong Kong Building and Loan Agency Limited (the "Company") present the unaudited consolidated interim financial statements of the Company and its subsidiaries (together, the "Group") for the six months ended 30th June, 2003.

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30th June,</b>	
	<i>Note</i>	<b>2003</b>	<b>2002</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	2	<b>35,280</b>	39,033
Cost of sales		<b>(33,325)</b>	(37,133)
		<hr/>	<hr/>
Gross profit		<b>1,955</b>	1,900
Other revenue		<b>982</b>	1,132
Administrative expenses		<b>(1,450)</b>	(1,766)
Other operating expenses		<b>(276)</b>	(1,407)
Net unrealised holding gain/(loss) on other investments in securities		<b>(1,203)</b>	387
Provision for impairment in value for investment securities		<b>(1,964)</b>	–
		<hr/>	<hr/>
Profit/(Loss) before tax	4	<b>(1,956)</b>	246
Tax	5	<b>3,826</b>	–
		<hr/>	<hr/>
Net profit from ordinary activities attributable to shareholders		<b>1,870</b>	246
		<hr/>	<hr/>
		<b>HK cents</b>	<b>HK cents</b>
Earnings per share	6		
Basic		<b>0.83</b>	0.11
		<hr/>	<hr/>
Diluted		<b>N/A</b>	N/A
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>Unaudited 30th June, 2003 HK\$'000</b>	Audited 31st December, 2002 HK\$'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets		2	3
Mortgage loans	7	3,465	6,778
Investment securities		5,834	7,798
Deferred tax asset		3,826	–
		<u>13,127</u>	<u>14,579</u>
<b>CURRENT ASSETS</b>			
Other investments in securities	8	13,589	22,394
Mortgage loans	7	3,377	4,139
Debtors, prepayments and deposits		1,503	797
Cash and bank balances		177,527	165,798
		<u>195,996</u>	<u>193,128</u>
<b>TOTAL ASSETS</b>		<u><b>209,123</b></u>	<u>207,707</u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	9	225,000	225,000
Reserve	10	(17,053)	(18,923)
		<u>207,947</u>	<u>206,077</u>
<b>CURRENT LIABILITIES</b>			
Creditors and accruals		1,176	1,630
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>209,123</b></u>	<u>207,707</u>

## CONDENSED CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 30th June,	
	2003 HK\$'000	2002 HK\$'000
Total equity as at 1st January	206,077	222,410
Currency translation differences and net gain not recognised in the condensed consolidated profit and loss account	–	29
Net profit from ordinary activities attributable to shareholders	1,870	246
Total equity as at 30th June	<u>207,947</u>	<u>222,685</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Unaudited Six months ended 30th June,</b>	
	<b>2003 HK\$'000</b>	<b>2002 HK\$'000</b>
Net cash inflow from operating activities	<b>11,729</b>	8,234
Net cash outflow from investing activities	–	(7,891)
Net increase in cash and cash equivalents	<b>11,729</b>	343
Cash and cash equivalents at 1st January	<b>165,798</b>	139,994
Cash and cash equivalents at 30th June	<b><u>177,527</u></b>	<b><u>140,337</u></b>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<b><u>177,527</u></b>	<b><u>140,337</u></b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

The interim financial statements are unaudited, condensed and have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 (Revised) "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA").

The accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted in the Group's audited financial statements for the year ended 31st December, 2002 except that the Group has changed certain of its accounting policies and disclosure practices as a result of the adoption of the following SSAP issued by the HKSA which is effective for accounting periods commencing on or after 1st January, 2003:

SSAP 12 (Revised): Income taxes

SSAP 12 (Revised) prescribes the basis for accounting for income taxes payable or recoverable, arising from the taxable profit or loss for the current period (current tax); and income taxes payable or recoverable in future periods, principally arising from taxable and deductible temporary differences and the carry forward of unused tax losses (deferred tax). The principal impact of the revision of this SSAP on these interim financial statements is that:

- deferred tax assets and liabilities relating to the differences between capital allowances for tax purposes and depreciation for financial reporting purposes and other taxable and deductible temporary differences are generally provided for, whereas previously the deferred tax was recognised for timing differences only to the extent that it was probable that the deferred tax asset or liability would crystallise in the foreseeable future; and
- a deferred tax asset has been recognised for tax losses arising in prior periods to the extent that it is probable that there will be sufficient future taxable profits against which such losses can be utilized.

### 2. TURNOVER

Turnover represents interest income on mortgage loans and gross income on treasury investments which includes sales proceeds from securities trading and interest income on bank deposits and held-to-maturity securities.

An analysis of the turnover of the Group by principal activity is as follows:

	Six months ended 30th June,	
	2003 HK\$'000	2002 HK\$'000
Mortgage finance:		
Interest on mortgage loans	569	966
Treasury investments:		
Interest on bank deposits	1,087	1,165
Sales of other investments in securities	33,238	35,276
Interest on held-to-maturity securities	-	1,626
Dividend income	386	-
	<b>35,280</b>	<b>39,033</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (continued)

## 3. SEGMENT INFORMATION

Segment information is presented by way of business segment as the primary segment. No analysis of geographical segment which is regarded as the secondary segment is presented as the Group's revenue, results and assets are based in Hong Kong.

An analysis of the Group's turnover and results by business segment is as follows:

	<b>Six months ended 30th June, 2003</b>		
	<b>Mortgage finance HK\$'000</b>	<b>Treasury investments HK\$'000</b>	<b>Total HK\$'000</b>
Turnover	569	34,711	35,280
Other revenue	614	368	982
	<u>1,183</u>	<u>35,079</u>	<u>36,262</u>
Segment results	<u>1,183</u>	<u>(1,424)</u>	(241)
Unallocated corporate expenses			<u>(1,715)</u>
Loss before tax			(1,956)
Tax			<u>3,826</u>
Net profit from ordinary activities attributable to shareholders			<u>1,870</u>

	<b>Six months ended 30th June, 2002</b>		
	<b>Mortgage finance HK\$'000</b>	<b>Treasury investments HK\$'000</b>	<b>Total HK\$'000</b>
Turnover	966	38,067	39,033
Other revenue	1,132	–	1,132
	<u>2,098</u>	<u>38,067</u>	<u>40,165</u>
Segment results	<u>1,860</u>	<u>1,213</u>	3,073
Unallocated corporate expenses			<u>(2,827)</u>
Profit before tax			246
Tax			–
Net profit from ordinary activities attributable to shareholders			<u>246</u>

During the current and prior periods, there were no inter-segment transactions.



## NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

## 4. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after crediting/(charging):

	Six months ended 30th June,	
	2003 HK\$'000	2002 HK\$'000
Depreciation	(1)	(35)
Net realised loss on disposal of other investments in securities:		
Listed	(87)	(267)
Unlisted	–	(1,590)
Net unrealised holding gain/(loss) on other investments in securities:		
Listed	(1,061)	(1,848)
Unlisted	(142)	2,235
	<u>          </u>	<u>          </u>

## 5. TAX

Tax credit for the period represents deferred tax asset recognised in respect of unused tax losses of HK\$21,861,000 available for offsetting against future profits (2002 – Nil). No current tax provision has been made as the Group had no assessable profits for the period (2002 – Nil).

There were no material deferred tax liabilities as at 30th June, 2003 (2002 – Nil).

## 6. EARNINGS PER SHARE

## (a) Basic earnings per share

Basic earnings per share is calculated based on (i) the net profit from ordinary activities attributable to shareholders of HK\$1,870,000 (2002 – HK\$246,000); and (ii) the number of 225,000,000 shares (2002 – 225,000,000 shares) in issue during the period.

## (b) Diluted earnings per share

No diluted earnings per share is presented for the periods ended 30th June, 2003 and 2002 as there were no dilutive potential ordinary shares.

## 7. MORTGAGE LOANS

	30th June, 2003 HK\$'000	31st December, 2002 HK\$'000
Total mortgage loan balances	7,357	11,708
Less: Provision for doubtful debts:		
General	(140)	(514)
Specific	(375)	(277)
	<u>          </u>	<u>          </u>
Amounts due within one year classified as current assets	6,842 (3,377)	10,917 (4,139)
	<u>          </u>	<u>          </u>
Non-current portion	3,465	6,778
	<u>          </u>	<u>          </u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (continued)

## 8. OTHER INVESTMENTS IN SECURITIES

	<b>30th June, 2003</b>	31st December, 2002
	<b>HK\$'000</b>	<b>HK\$'000</b>
Listed equity investments in Hong Kong, at market value	<b>13,589</b>	22,252
Unlisted investment funds, at fair value	–	142
	<b><u>13,589</u></b>	<b><u>22,394</u></b>

## 9. SHARE CAPITAL

	<b>30th June, 2003</b>	31st December, 2002
	<b>HK\$'000</b>	<b>HK\$'000</b>
<i>Authorised:</i>		
300,000,000 shares of HK\$1.00 each	<b><u>300,000</u></b>	<b><u>300,000</u></b>
<i>Issued and fully paid:</i>		
225,000,000 shares of HK\$1.00 each	<b><u>225,000</u></b>	<b><u>225,000</u></b>

## 10. RESERVE

	<b>Accumulated loss</b>
	<b>HK\$'000</b>
As at 1st January, 2003	(18,923)
Profit for the period	<u>1,870</u>
As at 30th June, 2003	<b><u>(17,053)</u></b>

## 11. RELATED PARTY TRANSACTION

During the period, the Group paid rental expenses amounting to HK\$386,000 (2002 – HK\$648,000) to Prime Power Investment Limited, a wholly-owned subsidiary of Lippo China Resources Limited which in turn is the intermediate holding company of the Company. The rental was determined by reference to open market rentals.

## MANAGEMENT DISCUSSION AND ANALYSIS

Taking into account the sluggish US economy and the turbulent international situation, the local economy showed no sign of improvement upon entering the year 2003. The Government Budget announced earlier this year further weakened consumer confidence. The adverse impact was exacerbated by the unexpected outbreak of the Severe Acute Respiratory Syndrome ("SARS") in Hong Kong which severely reduced economic activities. Stock and property prices kept moving down while unemployment and bankruptcy petitions continued to register record highs, giving rise to a very difficult operating environment in Hong Kong. Economic activities quickened steadily in June when the SARS threat receded. Against this background, the Group achieved a net profit attributable to shareholders of HK\$1,870,000 for the six months ended 30th June, 2003 (2002 – HK\$246,000).

### Results for the period

In the midst of weakened market sentiment, the Group's total turnover for the period amounted to HK\$35.3 million, representing a decrease of 10 per cent. from last period's HK\$39.0 million. Mortgage finance and treasury investments (which include securities investment and other treasury activities) remained the principal businesses of the Group.

Due to persistently slackened demand for loans and decline in market rates, total loan portfolio further reduced and income generated from mortgage finance dropped. Amid the difficult operating conditions, the Group effectively reduced administrative expenses and other operating expenses. However, as a result of the volatile stock market, the Group incurred an unrealised holding loss on other investments in securities of HK\$1,203,000 (2002 – gain of HK\$387,000). In addition, a provision for impairment in value of HK\$1,964,000 (2002 – Nil) was made for its investment securities.

In adopting the revised accounting standard in relation to deferred tax, the Group recognised a deferred tax asset of HK\$3,826,000 (2002 – Nil) in respect of unutilized tax losses carried forward, resulting in a tax credit in the profit and loss account.

### Total assets

As at 30th June, 2003, total assets amounted to HK\$209.1 million (31st December, 2002 – HK\$207.7 million). Assets held by the Group are mostly denominated in Hong Kong dollars or United States dollars, hence the exposure to exchange rate risk is minimal.

The Group maintained a very strong liquidity position over the period with other investments in securities amounted to HK\$13.6 million (31st December, 2002 – HK\$22.4 million) and total cash and bank balances amounted to HK\$177.5 million (31st December, 2002 – HK\$165.8 million).

**MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)***Capital structure**

Currently, the Group is totally debt-free. There were no charges on the Group's assets and the Group had no material capital commitment or contingent liabilities outstanding as at 30th June, 2003 (31st December, 2002 – Nil).

As at the end of June 2003, the net asset value of the Group amounted to HK\$207.9 million (31st December, 2002 – HK\$206.1 million) and the net asset value per share remained at HK\$0.92 (31st December, 2002 – HK\$0.92).

**Changes in accounting policies**

Following the adoption of the revised accounting standard issued by the Hong Kong Society of Accountants, certain accounting policies of the Group were changed. Save as aforesaid in relation to deferred tax, there was no material impact on the profit and loss account or the balance sheet of the Group. Details of the changes are set out in Note 1 to the interim financial statements.

**Staff and remuneration**

The Group had 14 employees as at 30th June, 2003 (2002 – 15 employees) and total staff costs incurred during the period amounted to HK\$679,000 (2002 – HK\$820,000). The Group offers competitive remuneration packages to its employees.

**Outlook**

Recently, the Central and Hong Kong governments have decisively sought to create more business opportunities in Hong Kong, the effect of which has been visible in certain industries. While local costs and prices are expected to remain generally subdued in the coming months, post SARS recovery is already underway. With improved global and regional economic outlook, the Hong Kong economy should continue to pick up in the rest of the year. Given its strong financial resources, the Group is well positioned to take advantage of any appropriate investment opportunity in order to enhance shareholders' value.

## BUSINESS REVIEW AND PROSPECTS

### Business review

During the period under review, the local economy was still clouded by rising unemployment and prolonged deflation. Despite Hong Kong's export growth, the persistently weak property market and the sluggish stock market continued to dampen business sentiment. The mortgage loan sector was stagnant with subdued demand for residential loans. Local economic conditions further deteriorated with the outbreak of Severe Acute Respiratory Syndrome in March which had an adverse impact on economic activities. World economic recovery was affected by international political uncertainties and the sluggish US economy. With global uncertainties and local recession, Hong Kong experienced an adverse economic environment for the first half of 2003.

Against the tough operating conditions, the total turnover of the Group for the period amounted to HK\$35.3 million, representing a decrease of 10 per cent. from the last corresponding period, but achieved a net profit attributable to shareholders of HK\$1,870,000. The Group is debt-free and maintained a very strong liquidity position over the period.

### Prospects

Following China Mainland's recent lifting of the restrictions on individual visits to Hong Kong, a surge of Mainland visitors has stimulated the growth of local consumption which may boost consumers' confidence and investment sentiment. It is expected that the local economy may also benefit from the Closer Economic Partnership Arrangement (CEPA) entered into between China Mainland and Hong Kong. With growing signs of strengthening in the US economy, global economic development is encouraging. Amid the improving world economic outlook and local business environment, the Group is optimistic about recovery of the local economy. With a strong and healthy financial position, the Group is well positioned to take advantage of suitable investment opportunities.

**ADDITIONAL INFORMATION****Interim dividend**

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2003 (2002 – Nil).

**Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations**

As at 30th June, 2003, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under 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 (the "Model Code") were as follows:

1. *Interests in shares of associated corporations***Lippo Limited**

<b>Name of Director</b>	<b>Number of ordinary shares of HK\$0.10 each</b>			<b>Approximate percentage of total interests to the issued share capital</b>
	<b>Personal interest (held as beneficial owner)</b>	<b>Family interest (interest of spouse)</b>	<b>Total interests</b>	
Lee Jark Pui	–	48	48	0.00

**Hongkong Chinese Limited**

<b>Name of Director</b>	<b>Number of ordinary shares of HK\$1.00 each</b>			<b>Approximate percentage of total interests to the issued share capital</b>
	<b>Personal interest (held as beneficial owner)</b>	<b>Family interest (interest of spouse)</b>	<b>Total interests</b>	
Lee Jark Pui	350	350	700	0.00

**ADDITIONAL INFORMATION** (continued)**Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations** (continued)2. *Interests in underlying shares of associated corporation***Lippo China Resources Limited**

<b>Name of Director</b>	<b>Type of interest</b>	<b>Number of underlying shares of HK\$0.10 each in respect of which options have been granted*</b>	<b>Approximate percentage of the issued share capital</b>
Jonathan Miles Foxall	Personal (held as beneficial owner)	6,000,000	0.06
David T. Yeh	Personal (held as beneficial owner)	9,000,000	0.09

\* The options were granted on 23rd June, 1997 at a consideration of HK\$1.00 per grantee under the Share Option Scheme for Employees (the "LCR Scheme") adopted by Lippo China Resources Limited ("LCR"). Such options vested after two months from the date when the options were deemed to be granted and accepted and are exercisable from August 1997 to June 2007 in accordance with the rules of the LCR Scheme to subscribe for shares in LCR at an initial exercise price of HK\$5.30 per share (subject to adjustment). Pursuant to the bonus issue of new shares in the ratio of one for one in October 1997, the rights issue of new shares in July 1999 on the basis of one rights share for every one share held and the rights issue of new shares in November 2000 on the basis of one rights share for every two shares held, the holder of each option is entitled to subscribe for six shares of HK\$0.10 each in LCR at an exercise price of HK\$0.883 per share (subject to adjustment). None of the options were exercised by any of the above Directors during the six months ended 30th June, 2003 and the quantity of options held by each of the above Directors as at 1st January, 2003 and 30th June, 2003 remained unchanged.

The above interests in underlying shares are held pursuant to unlisted physically settled equity derivatives. As at 30th June, 2003, none of the Directors or chief executive of the Company had any interests in the underlying shares of cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Save as disclosed herein, as at 30th June, 2003, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

None of the Directors or chief executive of the Company had been granted or had exercised any interests or rights in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the six months ended 30th June, 2003.

**ADDITIONAL INFORMATION** *(continued)***Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance**

As at 30th June, 2003, interests or short positions of substantial shareholders (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) and other persons, other than Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") were as follows:

*Interests of substantial shareholders (as defined under the Listing Rules) and other persons in the shares of the Company*

Name	Number of ordinary shares of HK\$1.00 each	Approximate percentage of the issued share capital
<i>Substantial shareholders:</i>		
Lippo China Resources Limited ("LCR")	168,313,038	74.80
Lippo Limited ("Lippo")	168,313,038	74.80
Lippo Cayman Limited ("Lippo Cayman")	168,313,038	74.80
Lanius Limited ("Lanius")	168,313,038	74.80
Dr. Mochtar Riady	168,313,038	74.80
Madam Suryawaty Lidya	168,313,038	74.80
<i>Other persons:</i>		
CITIC Ka Wah Bank Limited ("CITIC Ka Wah")	11,250,000	5.00
CITIC International Financial Holdings Limited ("CIFH")	11,250,000	5.00
China International Trust and Investment Corporation ("CITIC")	11,250,000	5.00

*Note:*

- (i) 168,313,038 shares of the Company were held by HKCB Corporation Limited directly as beneficial owner which was wholly owned by LCR through its wholly-owned subsidiary, No. 1 Dragon Ltd. LCR was a 71.07 per cent. owned subsidiary of Skyscraper Realty Limited which in turn was a wholly-owned subsidiary of First Tower Corporation ("First Tower"). First Tower was a wholly-owned subsidiary of Lippo. Lippo Cayman, and through its wholly-owned subsidiaries, Lippo Capital Limited (which owned approximately 49.97 per cent. interest in the issued share capital of Lippo), J & S Company Limited and Huge Returns Limited, was directly and indirectly interested in approximately 56.78 per cent. of the issued share capital of Lippo.
- (ii) Lanius was the registered shareholder of the entire issued share capital of Lippo Cayman. Lanius was the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder. The beneficiaries of the trust include Dr. Mochtar Riady and his family members. Madam Suryawaty Lidya is the spouse of Dr. Mochtar Riady. Dr. Mochtar Riady was not the registered holder of any shares in the issued share capital of Lanius.
- (iii) LCR's interests in the shares of the Company were recorded as the interests of Lippo, Lippo Cayman, Lanius, Dr. Mochtar Riady and Madam Suryawaty Lidya.
- (iv) 11,250,000 shares of the Company were held by CITIC Ka Wah directly as beneficial owner. CITIC Ka Wah was a wholly-owned subsidiary of CIFH which in turn was a 55 per cent. owned subsidiary of CITIC.



## **ADDITIONAL INFORMATION** *(continued)*

### **Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance** *(continued)*

Save as disclosed herein, as at 30th June, 2003, no other persons, other than Directors or chief executive of the Company, had any interests or short positions in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **Purchase, sale or redemption of securities**

During the six months ended 30th June, 2003, there was no purchase, sale or redemption of securities of the Company by the Company or any of its subsidiaries.

### **Audit committee**

The Company has established an audit committee (the "Committee") in accordance with paragraph 14 of the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The members of the Committee are Messrs. Leon Nim Leung Chan and Michael Kwok Shung Chan, independent non-executive Directors of the Company, and the Committee met regularly. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30th June, 2003.

### **Code of Best Practice**

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the period, except that the non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's Articles of Association.

By Order of the Board  
**The Hong Kong Building and Loan Agency Limited**  
**David Yeh**  
*Director*

Hong Kong, 5th September, 2003