

INTERIM RESULTS

The Board of Directors of Oriental Explorer Holdings Limited (formerly known as Linkful International Holdings Limited) (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2003 together with the unaudited comparative figures for the corresponding period in 2002. These interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2003

(With comparatives for the six months ended 30 June 2002)

	Notes	For the six months ended 30 June	
		2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
TURNOVER	2	282,404	485,042
Cost of sales		(269,169)	(456,128)
Gross profit		13,235	28,914
Other revenue	2	1,919	7,973
Selling and distribution costs		(6,728)	(16,906)
Operating and administrative expenses		(8,115)	(10,034)
Other operating expenses		(5,275)	(3,367)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	4	(4,964)	6,580
Finance costs		(139)	(586)
Negative goodwill recognised as income on acquisition of an associate		270	—
Share of profit/(loss) of an associate		919	(68)
PROFIT/(LOSS) BEFORE TAX		(3,914)	5,926
Tax	5	1,510	94
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		(2,404)	6,020
Minority interests		—	—
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS		(2,404)	6,020
EARNINGS/(LOSS) PER SHARE	6	(0.13) CENT	0.38 CENT

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2003

(With comparatives as at 31 December 2002)

	<i>Notes</i>	As at 30 June 2003 <i>(Unaudited)</i> HK\$'000	As at 31 December 2002 <i>(Audited)</i> HK\$'000
NON-CURRENT ASSETS			
Fixed assets		3,482	4,542
Interest in an associate		47,431	45,242
Investment in deconsolidated subsidiaries		3,415	3,415
Long term investments		89,753	53,705
Deposit for acquisition of a long term investment		—	11,456
		<u>144,081</u>	<u>118,360</u>
CURRENT ASSETS			
Short term investments		41,447	61,135
Inventories		1,970	2,889
Trade and bills receivables	8	70,812	34,024
Prepayments, deposits and other receivables		11,527	2,657
Cash and cash equivalents	9	82,686	114,427
Pledged bank deposits	9	7,800	7,800
		<u>216,242</u>	<u>222,932</u>
CURRENT LIABILITIES			
Trade and bills payables	10	77,050	59,382
Tax payable		2,948	4,457
Other payables		14,271	8,995
		<u>94,269</u>	<u>72,834</u>
NET CURRENT ASSETS			
		<u>121,973</u>	<u>150,098</u>
		<u><u>266,054</u></u>	<u><u>268,458</u></u>
CAPITAL AND RESERVES			
Issued capital	11	18,000	18,000
Reserves		248,054	250,458
		<u><u>266,054</u></u>	<u><u>268,458</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2003

	For the six months ended 30 June	
	2003	2002
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Shareholders' equity at 1 January (audited)	268,458	252,944
Net profit / (loss) for the period	(2,404)	6,020
	<hr/>	<hr/>
Shareholders' equity at 30 June (unaudited)	<u>266,054</u>	<u>258,964</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2003

	For the six months ended 30 June	
	2003	2002
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(17,043)	(43,885)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	100	(347)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(14,798)	7,820
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES	(31,741)	(36,412)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	—	(42)
DECREASE IN CASH AND CASH EQUIVALENTS	(31,741)	(36,454)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	114,427	93,811
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>82,686</u>	<u>57,357</u>
 ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
CASH AND BANK BALANCES	82,395	32,389
TIME DEPOSITS	291	24,968
	<u>82,686</u>	<u>57,357</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules of the Stock Exchange”).

The accounting policies and basis of preparation used in the preparation of the condensed interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2002 except that the Group has changed its accounting policy following the adoption of SSAP 12 (Revised) “Income Taxes” issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1 January 2003.

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous 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. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively.

2 TURNOVER AND OTHER REVENUE

Turnover represents the invoiced value of goods sold, net of discounts and returns. An analysis of turnover and other revenue is as follows:

	For the six months ended 30 June	
	2003	2002
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	282,404	485,042
Other revenue:		
Interest income	118	240
Gain on disposal of listed investments	1,080	6,903
Dividend income from listed investments	511	270
Others	210	560
	284,323	493,015

3 SEGMENT INFORMATION

An analysis of the business segments and geographical segments of the operation of the Group during the period are as follows:

(a) Business segments

	Steel trading		Steel manufacturing		Electronic products		Corporate and others		Consolidated	
	For the six months ended 30 June									
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Segment revenue										
Sales to external customers	275,244	475,359	—	—	7,160	9,683	—	—	282,404	485,042
Segment results	2,777	3,487	—	—	273	1,958	(8,014)	1,135	(4,964)	6,580
Finance costs									(139)	(586)
Share of profit/(loss) of an associate									919	(68)
Negative goodwill recognised as income on acquisition of an associate									270	—
Profit/(loss) before tax									(3,914)	5,926
Tax									1,510	94
Profit/(loss) before minority interests									(2,404)	6,020
Minority interests									—	—
Net profit/(loss) attributable to shareholders									(2,404)	6,020

(b) Geographical segments

	Hong Kong		Elsewhere in the PRC		Thailand		Corporate and others		Consolidated	
	For the six months ended 30 June									
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Segment revenue										
Sales to external customers	7,159	2,142	14,530	7,307	260,714	475,359	1	234	282,404	485,042
Segment results	(5,163)	1,547	(95)	1,373	287	3,616	7	44	(4,964)	6,580

4 PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2003	2002
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000
Cost of inventories sold	269,169	456,128
Depreciation of fixed assets	1,106	961
Operating lease rentals:		
Land and buildings	767	900
Unrealised loss on listed investments	7,749	3,367
Exchange loss/(gain), net	(7)	86
	<u><u> </u></u>	<u><u> </u></u>

5 TAX

	For the six months ended 30 June	
	2003	2002
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000
Hong Kong and the PRC:		
Overprovision in prior years	<u>1,510</u>	<u>94</u>
Tax credit for the period	<u><u>1,510</u></u>	<u><u>94</u></u>

No provision for Hong Kong tax has been made as the Group had no assessable profit during the period (2002: Nil).

No provision for overseas tax has been made in respect of the subsidiaries in the PRC nor other overseas subsidiaries as these subsidiaries had no assessable profits.

6 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share is based on the net loss for the period attributable to shareholders of HK\$2,404,000 (2002: net profit of HK\$6,020,000) and the weighted average of 1,800,000,000 (2002: 1,565,000,000) ordinary shares in issue during the period.

Diluted earnings per share reflecting the exercise of subscription rights under the share options granted pursuant to the Company's Share Option Scheme is not presented because the impact is anti-dilutive.

7 INTERIM DIVIDEND

The Board of Directors has resolved not to recommend the payment of an interim dividend in respect of the six months ended 30 June 2003 (2002: Nil).

8 TRADE AND BILLS RECEIVABLES

	As at 30 June 2003 (Unaudited) HK\$'000	As at 31 December 2002 (Audited) HK\$'000
Trade receivables	55,043	34,490
Less: Provisions for doubtful debts	—	(466)
	<u>55,043</u>	<u>34,024</u>
Bills receivables	<u>15,769</u>	—
	<u><u>70,812</u></u>	<u><u>34,024</u></u>

An aged analysis of accounts receivables is as follows:

	As at 30 June 2003 (Unaudited) HK\$'000	As at 31 December 2002 (Audited) HK\$'000
Aged:		
Within three months	55,042	25,672
Within four to six months	—	8,352
Within seven months to one year	1	—
	<u>55,043</u>	<u>34,024</u>

The Group's trading terms with customers are mainly on credit. Invoices are normally payable within two months of issuance, except for certain well established customers, where the terms are extended to three months to six months in some cases, subject to the approval of senior management. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management.

An aged analysis of bills receivables is as follows:

	As at 30 June 2003 (Unaudited) HK\$'000	As at 31 December 2002 (Audited) HK\$'000
Aged:		
Within three months	<u>15,769</u>	—

9 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2003 <i>(Unaudited)</i> HK\$'000	As at 31 December 2002 <i>(Audited)</i> HK\$'000
Cash and bank balances	82,395	98,537
Time deposits	291	15,890
Pledged bank deposits	7,800	7,800
	<u>90,486</u>	<u>122,227</u>

The time deposits of HK\$7,800,000 (2002: 7,800,000) were pledged as security for banking facilities granted.

10 TRADE AND BILLS PAYABLES

	As at 30 June 2003 <i>(Unaudited)</i> HK\$'000	As at 31 December 2002 <i>(Audited)</i> HK\$'000
Trade payables	967	26,011
Bills payables	76,083	33,371
	<u>77,050</u>	<u>59,382</u>

An aged analysis of trade payables is as follows:

	As at 30 June 2003 <i>(Unaudited)</i> HK\$'000	As at 31 December 2002 <i>(Audited)</i> HK\$'000
Aged:		
Within three months	799	24,125
Within four to six months	—	1,886
Within seven months to one year	168	—
	<u>967</u>	<u>26,011</u>

An aged analysis of bills payables is as follows:

	As at 30 June 2003 <i>(Unaudited)</i> HK\$'000	As at 31 December 2002 <i>(Audited)</i> HK\$'000
Aged:		
Within three months	76,083	33,371

11 SHARE CAPITAL

	As at 30 June 2003 (Unaudited) HK\$'000	As at 31 December 2002 (Audited) HK\$'000
<i>Authorised:</i>		
20,000,000,000 (2002: 20,000,000,000) ordinary shares of HK\$0.01 each	<u>200,000</u>	<u>200,000</u>
<i>Issued and fully paid:</i>		
1,800,000,000 (2002: 1,800,000,000) ordinary shares of HK\$0.01 each	<u>18,000</u>	<u>18,000</u>

Share Option Scheme

On 8 March 1993, the Company adopted the old share option scheme which expired on 7 March 2003. The Company adopted a new share option scheme on 27 June 2003 (“the Adoption Date”) in line with the amendments made under Chapter 17 of the Listing Rules of the Stock Exchange of Hong Kong Limited, which came into effect on 1 September 2001.

The purpose of the new share option scheme (the “Scheme”) is to recognise and motivate the contribution of eligible participants and to provide incentives and help the Company in retaining its existing Employees and recruiting additional Employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company. Eligible participants of the Scheme include any employee (including any executive and non-executive Director), adviser, consultant, agent, contractor, client or customer, or supplier of any member of the Group. The Scheme became effective on the Adoption Date and, unless otherwise cancelled or amended, will remain in force for 10 years commencing from the Adoption Date.

The maximum number of shares over which options may be granted may not exceed 10 per cent of the total number of shares in issue as at the Adoption Date. At 30 June 2003, the number of shares issuable under share options granted under the Scheme was 180,000,000.

The share subscription price of any options granted under the Scheme will not be less than the higher of (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant, which must be a trading day; (b) the average closing price of the Share as stated in the Stock Exchange’s daily quotations sheet for the 5 trading days immediately preceding the day of grant; and (c) the nominal value of a Share.

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the Board of Directors.

On 7 February 1998, pursuant to the Company’s old share option scheme, the Company granted share options with a subscription price of HK\$0.112 per share, at no cash consideration, exercisable within ten years from the date of grant, in favour of the following directors:

Name	Number of options granted
Lau Chi Yung, Kenneth	19,500,000
Tsang Pak Chung, Eddy	19,500,000
Leung Wei San, Saskia	19,500,000

No share options were granted, exercised, lapsed or cancelled during the period.

12 RELATED PARTY TRANSACTIONS

During the period, the following related party transactions were recorded:

- (1) The Group received rental income in the amount of HK\$57,000 (2002: 57,000) from Alpha Japan Limited (“Alpha Japan”), the minority shareholder of a subsidiary of the Group.
- (2) The Group paid rental expenses in the amount of HK\$450,000 (2002: HK\$900,000) to Verywell Properties Limited, a wholly-owned subsidiary of Multifield International Holdings Limited (“MIHL”), a company controlled by Mr. Lau Chi Yung, Kenneth, a director and a substantial shareholder of the Company. The terms of the office rental was on annual renewal basis and were arrived at after negotiations between both parties with reference to the prevailing market rentals.
- (3) A subsidiary sold finished goods of HK\$1,614,000 (2002: HK\$1,718,000) to and purchased raw materials and parts of HK\$32,000 (2002: HK\$23,000) from Alpha Japan. These transactions were based on published prices and conditions normally offered by the Group to third party customers in the ordinary course of business of the Group.

13 CONTINGENT LIABILITIES

As at 30 June 2003, the amount of guarantees given by the Company to banks in connection with facilities granted to its subsidiaries was HK\$273,000,000 (2002: HK\$273,000,000).

14 APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved by the Board of Directors on 17 September 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

During the period under review, we remained very focused on our core international steel trading business and have taken further steps to enhance our international business network.

Steel trading

2003 was a year of intense competition in this area of our operations. Steel prices were escalating at a very fast pace and customers were not willing to acquire bulk volume and accumulate stock of steel products at a high price. This sudden escalating effect in particular provided a very difficult atmosphere for international steel trading. Besides, margins continued to be squeezed as a number of participants in this market sector sought to achieve growth and market position through unsustainable price cutting and risk taking. Against this background, the Group was again able to uphold its market position, achieving sales of steel products broadly in line with our expectation. The steel trading division continued to maintain its niche in the market and again generated a significant contribution to the Group. For the first half of 2003, our steel trading division recorded a trading volume of steel products of 131,000 mt with a turnover of HK\$275 million, representing a drop of 42% when compared to the previous corresponding period.

Weekly steel trading meetings have been constantly carried out to review and assess the business logistics and risk portfolio and all the way, critical review and assessment have ensured that all steel trading transactions have been undertaken in a smooth and professional manner.

Even though an extensive worldwide network has been built up over the years and a firm supplier and customer base has been established, continued efforts have been devoted to develop new sources and expand business opportunities. It is envisaged that barring any unforeseen circumstances, the Group's future earning power and recurring income base in this sector of the steel business will be further secured.

Steel manufacturing

Regarding our steel manufacturing operation, as mentioned in the 2002 annual report, arrangements were reached to dispose of our two joint ventures with four steel manufacturing mills in China, namely Jiangyin Bofeng and Wuxi Xifeng, to third parties.

For Wuxi Xifeng, completion of the disposal took place in January 2003 when the final installment for settlement was paid. As for Jiangyin Bofeng, according to the arrangement, completion of the disposal would take place in June 2004. However, during the interim period, the China joint venture partner of Jiangyin Bofeng has undertaken to bear the operation losses of the steel mills, if there is any. This has the effect of curbing further losses of the steel manufacturing division and the current period under review has not reflected the financial results of Jiangyin Bofeng. We reiterated that this move was in line with our business focus and strategy as the performance of the steel mills in China was not satisfactory for the past.

Electronics

For the six months under review, the electronics division continued to deliver stable recurring income to the Group and reported a net profit of HK\$0.27 million based on a turnover of HK\$7 million which was broadly in line with our expectation. Barring any further global economic downturn, it is envisaged that the recurring income base of the electronics division could be sustained.

Portfolio investments

During the period, the Group realised more than HK\$1 million profit from portfolio investing activities. The Group undertakes portfolio investments for two reasons. First, the Group takes positions in businesses considered to be undervalued and which might evolve into strategic investments in the longer term if certain conditions are met. If those conditions are not met or the share price rises beyond the point where an investment is considered to be fully valued, the Group will then realise the profit on the investment. Secondly, the Group invests in market disequilibrium opportunities in shares where the management team of the Group has particular knowledge and expertise. The current financial structure of the Group means that substantial cash balances can be generated from time to time and limited portfolio investing activities will improve the return on cash balances and enhance the Group's profitability.

However, due to the outbreak of SARS, the Hong Kong stock market was very volatile and vulnerable for the first half of the year and as a result, the Group incurred an unrealized loss of HK\$7.7 million when marking the investment portfolio to the market valuation as at 30 June 2003.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in Hong Kong. As at 30 June 2003, the Group had available aggregate banking facilities of approximately HK\$310 million, out of which HK\$115 million had been utilized. The Group's cash and bank balances and short term bank deposits as at 30 June 2003 amounted to approximately HK\$90 million. The Group had no bank borrowings as at 30 June 2003.

Taking into account available credit facilities, cash on hand and recurring cash flows from its core steel trading business, the Group has sufficient working capital for its present requirements.

NUMBER AND REMUNERATION OF EMPLOYEES

Following the disposal of the China steel mills, the Group had approximately 150 employees in Hong Kong and China as at 30 June 2003. Remuneration is reviewed annually and in addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, contributory provident fund and professional tuition/training subsidies in order to retain quality employees.

PROSPECTS

The Group remains well positioned to deliver solid performance into the future after the rationalization of the operation structure of the joint venture steel mills in China. It is envisaged that the Group will continue to develop its core business activities in the Asia Pacific region in order to enhance its standing as a focused steel group. As we look to the future, the Group will again concentrate on organic growth while remaining attuned to market opportunities that can sustain growth and deliver a strong recurring income to the Group.

In line with this corporate direction and philosophy, detailed feasibility study on the Shanghai property market has been performed and active participation in this sector of the business will be carried out once we consider the timing is appropriate. We strongly believe that we have the necessary skills and expertise to enable us to step into this sector of the new business.

Looking ahead, the Group will endeavour to restore shareholders' confidence and value and achieve capital growth for the investors in the long run.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2003, the interests of the directors in the ordinary share capital of the Company and its associate, as recorded in the register required to be kept pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), were as follows:

Name	Type of interest	Number of shares held
Lau Chi Yung, Kenneth	Corporate	535,600,000

The above shares are ultimately controlled by Power Resources Holdings Limited as the trustee under Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his family. Other than certain nominee shares in subsidiaries held by a director in trust for the companies in the Group, no director held an interest in the share capital of the Company's subsidiaries during the period.

Save as disclosed above, none of the directors or their associates had any interest in the share capital of the Company or any of its associated corporations, as defined in the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's director, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Due to the adoption of Statement of Standard Accounting Practice No. 34 "Employee benefits" in 2002, most of the detailed disclosures relating to the Company's share option scheme have been moved to note 11 to the financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, according to the register kept by the Company under Section 336 of the SFO and so far as the directors were aware, the following were the only parties who, directly or indirectly, held 5% or more of the issued share capital of the Company:

Name	Number of shares held
Power Resources Holdings Limited #	535,600,000
Lucky Speculator Limited	535,600,000
Multifield International Holdings Limited	535,600,000
Multifield International Holdings (BVI) Limited	535,600,000
Limitless Investment Limited	535,600,000

Power Resources Holdings Limited was deemed to have a beneficial interest in 535,600,000 shares of the Company by virtue of its indirect interests in Limitless Investment Limited through Lucky Speculator Limited, Multifield International Holdings Limited and Multifield International Holdings (BVI) Limited.

Save as disclosed herein, according to the above-mentioned register of interests and so far as the directors were aware, there were no other persons who, directly or indirectly, held or were beneficially interested in 5% or more of the issued share capital of the Company at 30 June 2003.

REVIEW BY AUDIT COMMITTEE

The Group's Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management the internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 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 Listing Rules of the Stock Exchange save that the non-executive directors of the Company have not been appointed for a specific term, but are subject to retirement by rotation and re-election at the Annual General Meeting of the Company, in accordance with the provisions of the Company's bye-laws.

PURCHASES, SALES OR REDEMPTIONS OF THE COMPANY'S LISTED SECURITIES

During the period, there were no purchases, sales or redemptions of the Company's listed securities by the Company or by any of its subsidiaries.

By order of the Board
Tsang Pak Chung, Eddy
Vice-Chairman

Hong Kong, 17 September 2003