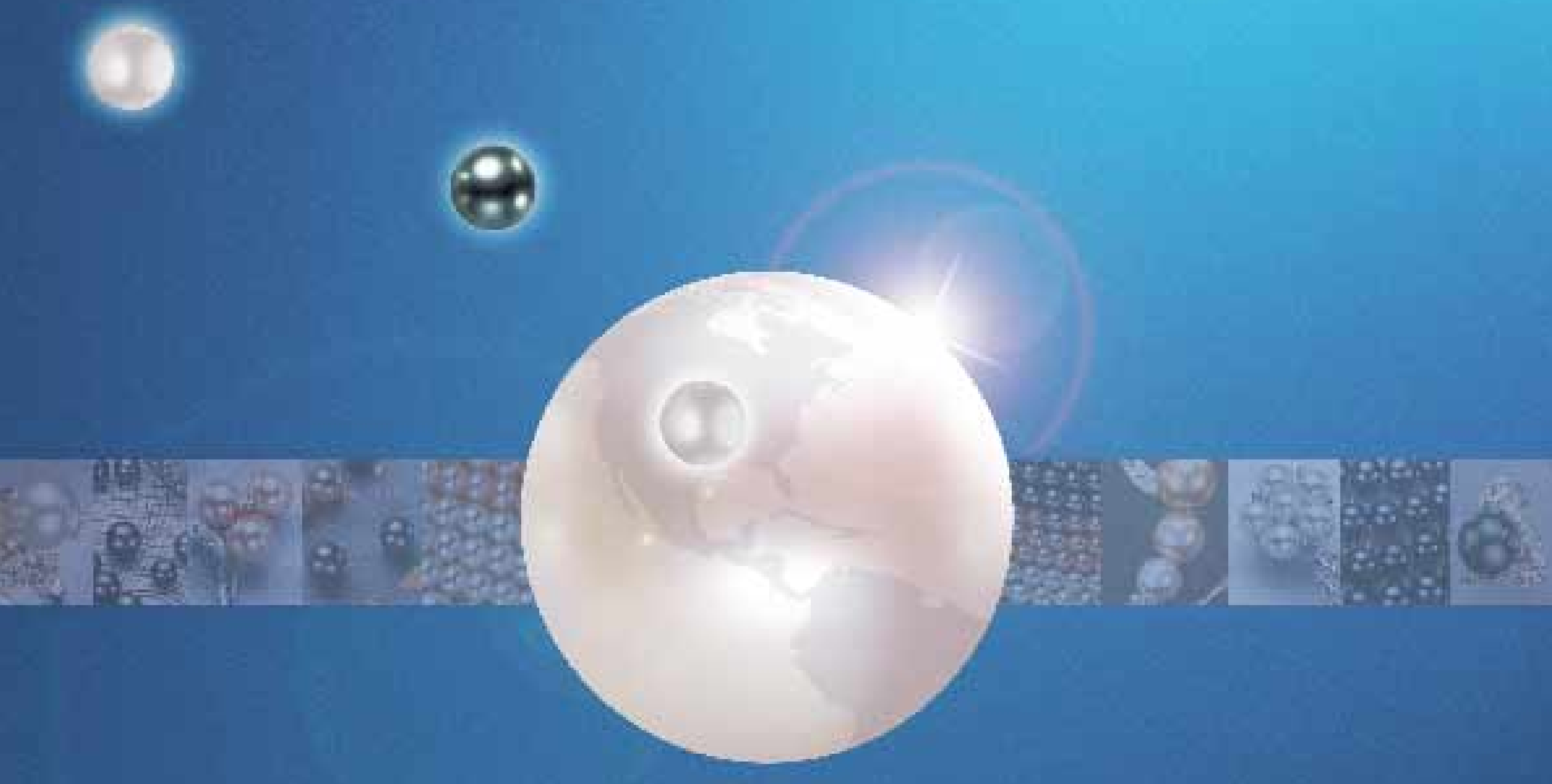
Man Sang International Limited

(Incorporated in Bermuda with limited liability)



INTERIM REPORT

For the six months ended September 30, 2003

The ultimate name in Pearls

The Board of Directors of Man Sang International Limited (the "Company") is pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended September 30, 2003. The results have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Statement of Auditing Standards SAS 700 "Engagements to Review Interim Financial Reports" and by the Company's audit committee.

德勤·關黃陳方會計師行

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Deloitte
Touche
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INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF MAN SANG INTERNATIONAL LIMITED
(incorporated in Bermuda with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 2 to 10.

Directors' responsibilities

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 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 September 30, 2003.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, November 14, 2003

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended September 30, 2003

	NOTES	For the six months ended September 30, 2003 HK$'000 (unaudited)	2002 HK$'000 (unaudited) (as restated)
Turnover		**168,396**	158,221
Cost of sales		**(123,279)**	(105,871)
Gross profit		**45,117**	52,350
Investment income		**654**	690
Net unrealised gain (loss) on other investments		**2,031**	(3,268)
Other operating income		**3,425**	5,020
Selling expenses		**(4,140)**	(3,331)
Administrative expenses		**(33,038)**	(27,071)
Profit from operations	*4*	**14,049**	24,390
Finance costs		**(274)**	(1,036)
Share of results of an associate		**–**	(80)
Profit before taxation		**13,775**	23,274
Taxation	*5*	**(3,011)**	(4,321)
Profit before minority interests		**10,764**	18,953
Minority interests		**–**	227
Net profit for the period		**10,764**	19,180
Earnings per share	*7*		
Basic		**1.30 cents**	2.32 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At September 30, 2003

	NOTES	9.30.2003 HK$'000 (unaudited)	3.31.2003 HK$'000 (audited) (as restated)
Non-current assets			
Investment properties	8	118,952	112,400
Property, plant and equipment	8	87,988	58,831
Investment securities		2,586	2,586
Deferred tax assets		2,903	2,858
		212,429	176,675
Current assets			
Inventories		130,501	134,210
Trade and other receivables	9	81,785	86,332
Other investments		10,343	9,978
Bank balances and cash		48,074	75,638
		270,703	306,158
Current liabilities			
Trade and other payables	10	23,612	21,753
Taxation		4,708	2,224
Secured bank borrowings – due within one year	11	5,575	5,575
		33,895	29,552
Net current assets		236,808	276,606
Total assets less current liabilities		449,237	453,281
Capital and reserves			
Share capital		82,706	75,187
Reserves		336,943	333,760
		419,649	408,947
Non-current liabilities			
Secured bank borrowings – due after one year	11	8,804	16,435
Amount due to immediate holding company		7,359	13,074
Deferred tax liabilities		13,425	14,825
		29,588	44,334
		449,237	453,281

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2003

	Share capital *HK$'000*	Share premium *HK$'000*	Other non-distributable reserve *HK$'000*	Merger reserve *HK$'000*	Investment property revaluation reserve *HK$'000*	Other property revaluation reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
Balance at April 1, 2002									
– as previously reported	75,187	75,728	2,001	(200)	16,047	4,031	3,543	221,733	398,070
– prior period adjustment *(note 2)*	–	–	–	–	(13,591)	(610)	–	1,710	(12,491)
– as restated	75,187	75,728	2,001	(200)	2,456	3,421	3,543	223,443	385,579
Exchange differences arising from translation of financial statements of overseas operations and gain not recognised in the income statement	–	–	–	–	–	–	381	–	381
Net profit for the period	–	–	–	–	–	–	–	19,180	19,180
Balance at September 30, 2002	75,187	75,728	2,001	(200)	2,456	3,421	3,924	242,623	405,140
Revaluation decrease on investment properties	–	–	–	–	(2,075)	–	–	–	(2,075)
Revaluation increase on leasehold land and buildings	–	–	–	–	–	411	–	–	411
Deferred tax liability arising on revaluation of properties	–	–	–	–	(381)	(96)	–	–	(477)
Exchange differences arising from translation of financial statements of overseas operations	–	–	–	–	–	–	564	–	564
Net losses not recognised in the income statement	–	–	–	–	(2,456)	315	564	–	(1,577)
Net profit for the period	–	–	–	–	–	–	–	5,384	5,384
Release on depreciation of leasehold land and buildings	–	–	–	–	–	(77)	–	77	–
Balance at March 31, 2003	**75,187**	**75,728**	**2,001**	**(200)**	**–**	**3,659**	**4,488**	**248,084**	**408,947**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended September 30, 2003

	Share capital *HK$'000*	Share premium *HK$'000*	Other non-distributable reserve *HK$'000*	Merger reserve *HK$'000*	Investment property revaluation reserve *HK$'000*	Other property revaluation reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
Exchange differences arising from translation of financial statements of overseas operations and gain not recognised in the income statement	–	–	–	–	–	–	(62)	–	(62)
Reversal of deferred tax liability on demolition of investment properties	–	–	–	–	1,228	–	–	–	1,228
Release on depreciation of leasehold land and buildings	–	–	–	–	–	(99)	–	99	–
Release on demolition of investment properties	–	–	–	–	(3,009)	–	–	–	(3,009)
Net revaluation deficit on investment properties charged to income statement	–	–	–	–	1,781	–	–	–	1,781
Bonus issue of shares	7,519	(7,519)	–	–	–	–	–	–	–
Net profit for the period	–	–	–	–	–	–	–	10,764	10,764
Balance at September 30, 2003	**82,706**	**68,209**	**2,001**	**(200)**	**-**	**3,560**	**4,426**	**258,947**	**419,649**

The merger reserve represents the difference between the nominal value of shares of subsidiaries acquired, and the nominal value of the Company's shares issued for the acquisition under the corporate reorganisation in 1997.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended September 30, 2003

	For the six months ended September 30, 2003 *HK$'000* (unaudited)	2002 *HK$'000* (unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**29,102**	(4,256)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(43,322)**	15,147
NET CASH USED IN FINANCING ACTIVITIES	**(13,343)**	(16,769)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(27,563)**	(5,878)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**75,638**	73,931
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(1)**	1
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	**48,074**	68,054

For the six months ended September 30, 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" 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.

2. PRINCIPAL ACCOUNTING POLICIES AND PRIOR PERIOD ADJUSTMENT

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of 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 March 31, 2003, except as described below:

Income taxes

In the current period, the Group adopted SSAP 12 (Revised) "Income Taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, 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. Comparative amounts have been restated accordingly. As a result of this change in policy, the opening accumulated profits at April 1, 2003 have been decreased by HK$314,000 (April 1, 2002: increased by HK$1,710,000). The balances on the Group's investment properties and other properties revaluation reserves at April 1, 2003 have been decreased by HK$10,947,000 and HK$706,000, respectively (April 1, 2002: HK$13,591,000 and HK$610,000, respectively). The net profit for the six months ended September 30, 2003 has been increased by HK$217,000 (six months ended September 30, 2002: HK$99,000).

3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into two operating segments – pearls and property investment. The following segments are the basis on which the Group reports its primary segment information:

Pearls	–	Purchasing, processing, assembling, merchandising, wholesale and retail distribution of pearls and jewelry products
Property investment	–	Leasing of properties

Segment information about these businesses is presented below:

Six months ended September 30, 2003

	Pearls *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
REVENUE			
External sales or rentals	**168,396**	**2,875**	**171,271**
RESULT			
Segment results	**15,794**	**(3,584)**	**12,210**
Unallocated other operating and investment income			**3,235**
Unallocated corporate expenses			**(1,396)**
Profit from operations			**14,049**

Six months ended September 30, 2002

	Pearls *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
REVENUE			
External sales or rentals	158,221	3,700	161,921
RESULT			
Segment results	26,827	1,466	28,293
Unallocated other operating and investment income			2,010
Unallocated corporate expenses			(5,913)
Profit from operations			24,390

4. PROFIT FROM OPERATIONS

	For the six months ended September 30,	
	2003	2002
	HK$'000	*HK$'000*
Profit from operations has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment	**3,837**	3,442
Net revaluation deficit on investment properties	**1,781**	–
Loss on demolition on an investment property	**2,421**	–

5. TAXATION

	For the six months ended September 30,	
	2003	2002
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**2,832**	3,339
People's Republic of China, other than Hong Kong (the "PRC")	**396**	1,081
	3,228	4,420
Deferred tax:		
Current period	**24**	(99)
Attributable to change in tax rate in Hong Kong	**(241)**	–
	3,011	4,321

Hong Kong Profits Tax is calculated at 17.5% and 16% of the estimated assessable profit for the six months ended September 30, 2003 and September 30, 2002, respectively. Income tax in the PRC is calculated at the rate of 15% of the income of the PRC subsidiaries for both periods.

In June 2003, the Hong Kong Profits Tax rate was increased from 16% to 17.5% with effect from the 2003/2004 year of assessment. The effect of this increase has been reflected in the calculation of current and deferred tax balances at September 30, 2003.

6. DIVIDEND

The directors do not recommend the payment of an interim dividend (six months ended September 30, 2002: Nil) and propose that the profit for the period be retained. No dividend was paid during the period.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the period of HK$10,764,000 (six months ended September 30, 2002: HK$19,180,000) and on 827,058,000 (six months ended September 30, 2002: 827,058,000) shares in issue during the period.

The number of ordinary shares for both periods for the purpose of basic earnings per share has been adjusted for the bonus issue approved pursuant to the annual general meeting held on August 6, 2003.

No diluted earnings per share has been presented for both periods because there are no dilutive potential ordinary shares in issue for the six months ended September 30, 2003 and the exercise prices of the Company's outstanding share options for the six months ended September 30, 2002 were higher than the average market price for the shares.

The adjustments to comparative earnings per share, arising from the bonus issue and the change in accounting policies described in note 2 above, are as follows:

Reconciliation of earnings per share for the six months ended September 30, 2002

	HK cents
Reported figure before adjustments	2.54
Adjustment arising from the bonus issue	(0.23)
Adjustment arising from the adoption of SSAP 12 (Revised)	0.01
Restated figure	2.32

8. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the six months ended September 30, 2003, the movements of investment properties and property, plant and equipment are as follows:

- the Group acquired an investment property at a cost of HK$38,222,000;
- the Group demolished an investment property and recognised a loss on demolition of HK$2,421,000, being the carrying amount of HK$5,430,000 less the investment property revaluation surplus of HK$3,009,000;
- the Group reclassified leasehold land and buildings in the amount of HK$960,000 to investment properties; and
- the Group reclassified investment properties in the amount of HK$27,200,000 to leasehold land and buildings.

The directors are of the opinion that the market values of the Group's investment properties and leasehold land and buildings as at September 30, 2003 are not materially different from the carrying amount of the investment properties and leasehold land and buildings.

9. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers.

Included in trade and other receivables of the Group are trade receivables of HK$68,506,000 (March 31, 2003: HK$69,841,000) and their aged analysis is as follows:

	9.30.2003	3.31.2003
	HK$'000	*HK$'000*
0 – 60 days	**56,574**	59,969
61 – 120 days	**11,140**	8,371
> 120 days	**792**	1,501
	68,506	69,841

10. TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group are trade payables of HK$7,037,000 (March 31, 2003: HK$5,553,000) and their aged analysis is as follows:

	9.30.2003	3.31.2003
	HK$'000	*HK$'000*
0 – 60 days	**6,381**	4,972
61 – 120 days	**375**	576
> 120 days	**281**	5
	7,037	5,553

11. SECURED BANK BORROWINGS

During the six months ended September 30, 2003, the Group has repaid approximately HK$7.6 million bank borrowings, of which approximately HK$4.8 million was repaid before the due dates of the original repayment schedule.

12. SUBSEQUENT EVENT

In October 2003, the Group has disposed of certain investment properties with a carrying amount of approximately HK$4.3 million for a total consideration of approximately HK$6.2 million.

THE SECOND INTERIM DIVIDEND

The Board of Directors resolved not to declare the second interim dividend in respect of the six months ended September 30, 2003 (six months ended September 30, 2002: Nil).

BUSINESS REVIEW AND PROSPECTS

For the six months ended September 30, 2003, the Group recorded a turnover of approximately HK$168.4 million, representing an increase of 6.4% as compared to the same period in 2002. Profit attributable to shareholders was approximately HK$10.8 million, representing a decrease of 43.9% as compared to the same period last year. The decrease was mainly due to the decrease in gross profit margin and higher administrative expenses.

Performance in sales for the Group has been improved in the second quarter and looks promising after the impact of Iraq war and Severe Acute Respiratory Syndrome ("SARS"). The performance outcome on our participation in the Hong Kong International Jewellery Show held in September was good and overseas buyers reacted positively in the trade show. This represents that customers has regained their confidence in coming back to Hong Kong for trading after SARS. In addition, the increase in turnover is also due to the additional contribution of sales generated from our acquired jewelry business in December 2002.

For the turnover on pearl business, South Sea Pearls continued to perform at its largest share, representing 43.0% of the Group's total sales. This supports that the global demand for South Sea Pearls continues to persist and is very popular among international fashion designers in the jewelry designs, especially on Tahitian Black Pearls. On the jewelry side, we have further expanded our market share in Europe covering various new segments of clients like retail chains and department stores.

Gross profit margin for the six months ended September 30, 2003 decreased by 6.3% to 26.8%, comparing to the gross profit margin of 33.1% for the same period last year. The decrease was mainly attributable to the decrease in gross profit margin in the first quarter as a result of the impact on SARS as well as our acquired jewelry business which has a slightly lower gross profit margin than our existing pearl and pearl jewelry businesses.

With the increased headcount and salary expenses on our acquired jewelry business operations, and the loss arising on the demolition of one of the buildings for reconstruction in our Industrial City in Shenzhen, there is an increase in administrative expenses of 22.0% when compared to same period last year.

Profit attributable to shareholders for the six months ended September 30, 2003 shows a profit of HK$10.8 million when compared to a profit of HK$19.2 million for the same period last year after incorporating the restatement adjustment made on 2002's profit as a result of the adoption of SSAP 12 (Revised) on "Income Taxes".

Despite the fact that the performance in the second quarter is good, the economy is still under recovery and we will continue to work hard in the coming second half of the year in riding on its rising trends. Looking ahead, we will continue to pursue for new business opportunities and to expand our market share and customer base in various countries on our pearl and jewelry businesses by using flexible pricing, aggressive marketing strategies and value added services including jewelry design to fulfill the customers' needs. While, on the other hand, we will continue to control costs and expenditures to enhance efficiency and effectiveness of our operations. As a conclusion, our management continues to remain optimistic on the performance of our pearl and jewelry businesses.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2003, the Group's total shareholders' funds amounted to HK$419.6 million, compared with HK$408.9 million after restatement at March 31, 2003. The gearing ratio was 3.4% at September 30, 2003, compared to 5.4% at March 31, 2003.

At September 30, 2003, the Group had working capital of HK$236.8 million, which included a cash balance of HK$48.1 million, compared to the working capital of HK$276.6 million, which included a cash balance of HK$75.6 million at March 31, 2003. The decrease in working capital is mainly due to a decrease in inventories and trade and other receivables by HK$3.7 million and HK$4.5 million respectively and a decrease in cash and cash equivalent by HK$27.6 million of which the Group has utilised its funds in acquiring an investment property.

The Company had available working capital facilities of HK$95.6 million in total with various banks at September 30, 2003. Such banking facilities letter of credit arrangements, import loans, overdraft and other facilities commonly used in jewelry business. All such banking facilities bear interest at floating rates generally offered by banks in Hong Kong and in the PRC and are subject to periodic review. At September 30, 2003, the Group had not utilised any of these credit facilities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

At September 30, 2003, the interests and short positions of the directors and chief executives in the share capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

(1) Interests in the Company

(a) Shares

	Number of ordinary shares			
Name of director	**Personal interests**	**Family interests**	**Corporate interests** *Note*	**Other interests**
Mr. Cheng Chung Hing	–	–	468,600,000	–
Mr. Cheng Tai Po	7,157,040	–	468,600,000	–

Note: These shares were indirectly owned by Cafoong Limited, a company incorporated in the British Virgin Islands, through an indirect interest in Man Sang International (B.V.I.) Limited ("MSBVI"), a company which directly holds these 468,600,000 shares. Cafoong Limited indirectly holds a 100% equity interest in MSBVI through Man Sang Holdings, Inc. ("MSHI"), in which Cafoong Limited holds 62.42% of the common stock and all the Series A preferred stock at September 30, 2003, which totally represent 74.94% of the voting rights of MSHI. Mr. Cheng Chung Hing and Mr. Cheng Tai Po own 60% and 40% of the issued share capital of Cafoong Limited, respectively.

(1) Interests in the Company ***(Continued)***

(b) Share Options

No options have been granted under the 2002 Share Option Scheme since its adoption on August 2, 2002.

(2) Interests in associated corporation – MSHI

	Number of shares of common stock of US$0.001 each in MSHI held				Number of stock options of MSHI held *(Note ii)*			
Name of director	Personal interests	Family interests	Corporate interests *(Note i)*	Other interests	Personal interests	Family interests	Corporate interests	Other interests
Mr. Cheng Chung Hing	–	–	2,750,000	–	100,000	–	–	–
Mr. Cheng Tai Po	–	–	2,750,000	–	100,000	–	–	–
Ms. Yan Sau Man, Amy	–	–	–	–	100,000	–	–	–

Notes:

(i) These shares were directly and indirectly owned by Cafoong Limited, a company incorporated in the British Virgin Islands. Cafoong Limited holds 62.42% of the common stock and all the Series A preferred stock of MSHI at September 30, 2003, which totally represent 74.94% of the voting rights of MSHI. Mr. Cheng Chung Hing and Mr. Cheng Tai Po own 60% and 40% of the issued share capital of Cafoong Limited, respectively.

(ii) The stock options were granted under the stock option plan of MSHI adopted on October 17, 1996 and entitle the holders thereof to subscribe for shares of common stock US$0.001 each in MSHI at a subscription price of US$1.22 per share. 50% of the granted stock options are exercisable on or after September 16, 1998 and the balances are exercisable on or after September 16, 1999; however none of them may be exercised after September 16, 2007.

Save as mentioned above, as at September 30, 2003, none of the directors had any interests or short positions in the shares or underlying shares or debentures of the Company or any of its Associated Corporations which had been recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL INTERESTS AND SHORT POSITIONS

As at September 30, 2003, the interests and short positions of those persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register maintained under Section 336 of the SFO were as follows:

	Number of Shares Held			
Name	**Direct interest**	**Interest of a controlled corporation**	**Percentage of issued share capital**	*Note*
MSBVI	468,600,000	–	56.66%	
MSHI	–	468,600,000	56.66%	i
Cafoong Limited	–	468,600,000	56.66%	ii
Guangdong Development Bank Shenzhen Branch	99,156,200	–	11.99%	

Notes:

(i) This represented the interest in 468,600,000 shares in the Company held by MSBVI which is a wholly-owned subsidiary of MSHI.

(ii) This represented the interest in 468,600,000 shares in the Company held by MSBVI whereby Cafoong Limited holds 62.42% of the common stock and all of the Series A preferred stock of MSHI at September 30, 2003, which represent 74.94% of the voting rights of MSHI.

Save as mentioned above, as at September 30, 2003, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended September 30, 2003, neither the Company nor any of its holding companies or subsidiaries purchased, sold or redeemed any listed securities of the Company.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the directors 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 September 30, 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules issued by the Hong Kong Stock Exchange.

On behalf of the Board
Cheng Chung Hing
Chairman

Hong Kong, November 14, 2003