



**RISING DEVELOPMENT HOLDINGS LIMITED**

**麗盛集團控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**INTERIM REPORT**

**2003**

**FOR THE SIX MONTHS ENDED**

**30TH SEPTEMBER 2003**

## UNAUDITED INTERIM RESULTS

The Board of Directors (the "Directors") of Rising Development Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2003 together with the comparative figures for the corresponding period in 2002. These interim consolidated 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 30TH SEPTEMBER 2003

		Unaudited Six months ended 30th September	
	Note	2003 HK\$'000	2002 HK\$'000
TURNOVER	2	63,770	45,489
Cost of sales		<u>(50,549)</u>	<u>(31,639)</u>
Gross profit		13,221	13,850
Other revenue		11,480	11,026
Selling and distribution expenses		(1,951)	(1,360)
Operating and administrative expenses		(8,080)	(7,353)
Unrealised gain/(loss) on investments in listed equity securities		<u>1,698</u>	<u>(1,255)</u>
PROFIT FROM OPERATING ACTIVITIES	3	16,368	14,908
Finance costs		<u>(5)</u>	<u>(502)</u>
PROFIT BEFORE TAX		16,363	14,406
Taxation	4	<u>(1,238)</u>	<u>(1,218)</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		15,125	13,188
Dividends	5	<u>(4,779)</u>	<u>(4,381)</u>
RETAINED PROFIT FOR THE PERIOD		<u>10,346</u>	<u>8,807</u>
EARNINGS PER SHARE	6		
Basic		<u>HK3.79 cents</u>	<u>HK3.31 cents</u>
Diluted		<u>HK3.79 cents</u>	<u>HK3.31 cents</u>

**CONDENSED CONSOLIDATED BALANCE SHEET**

AS AT 30TH SEPTEMBER 2003 AND 31ST MARCH 2003

		(Unaudited) 30th September 2003 HK\$'000	(Audited) 31st March 2003 HK\$'000
	Note		
<b>NON-CURRENT ASSETS</b>			
Fixed assets		16,725	17,704
Investment properties		5,350	6,035
Other investments	9	95,697	33,466
Held-to-maturity securities		–	40,856
		<u>117,772</u>	<u>98,061</u>
<b>CURRENT ASSETS</b>			
Inventories		47,137	34,489
Prepayments, deposits and other receivables		4,298	3,949
Trade receivables	7	18,738	6,456
Other investments	9	21,304	23,244
Cash and cash equivalents		67,560	71,901
		<u>159,037</u>	<u>140,039</u>
<b>CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		11,858	–
Trade payables	8	2,718	5,718
Other payables and accruals		13,899	2,997
Current portion of finance lease payable		15	15
Tax payable		3,243	2,005
		<u>31,733</u>	<u>10,735</u>
<b>NET CURRENT ASSETS</b>		<u>127,304</u>	<u>129,304</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		245,076	227,365
<b>NON-CURRENT LIABILITIES</b>			
Finance lease payable		32	39
Deferred tax		448	448
		<u>480</u>	<u>487</u>
		<u>244,596</u>	<u>226,878</u>
<b>Financed by:</b>			
Share capital	10	39,826	39,826
Reserves		199,991	182,273
Proposed dividend		4,779	4,779
		<u>244,596</u>	<u>226,878</u>
<b>Shareholders' funds</b>		<u>244,596</u>	<u>226,878</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003**

	(Unaudited)	
	Six months ended 30th September	
	2003	2002
	HK\$'000	HK\$'000
Net cash from operating activities	1,257	44,164
Net cash from investing activities	(812)	65,376
Net cash used in financing activities	(4,786)	(7,176)
Net increase in cash and cash equivalents	(4,341)	102,364
Cash and cash equivalents at 1st April	71,901	73,331
Cash and cash equivalents at 30th September	<u>67,560</u>	<u>175,695</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<u>67,560</u>	<u>175,695</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES  
IN EQUITY**

	(Unaudited)							
	Six months ended 30th September 2003							
	Share capital	Share premium account	Contributed surplus	Fixed asset revaluation reserve	Exchange reserve	Investment revaluation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2003	39,826	48,252	5,830	171	118	1,763	126,139	222,099
Surplus on revaluation of investment in listed debt securities	-	-	-	-	-	7,372	-	7,372
Net profit for the period	-	-	-	-	-	-	15,125	15,125
At 30th September 2003	<u>39,826</u>	<u>48,252</u>	<u>5,830</u>	<u>171</u>	<u>118</u>	<u>9,135</u>	<u>141,264</u>	<u>244,596</u>

	(Unaudited)							
	Six months ended 30th September 2002							
	Share capital	Share premium account	Contributed surplus	Fixed asset revaluation reserve	Exchange reserve	Investment revaluation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2002	39,826	48,252	5,830	1,871	118	4,143	118,473	218,513
Realized on disposals of investment in listed debt securities	-	-	-	-	-	(4,143)	-	(4,143)
Net profit for the period	-	-	-	-	-	-	13,188	13,188
At 30th September 2002	<u>39,826</u>	<u>48,252</u>	<u>5,830</u>	<u>1,871</u>	<u>118</u>	<u>-</u>	<u>131,661</u>	<u>227,558</u>

## NOTES TO CONDENSED INTERIM ACCOUNTS

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed interim financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and investment properties and other investments, and in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25, “Interim Financial Reporting” and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation adopted in these unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31st March 2003 except for the adoption of the following revised SSAP issued by the Hong Kong Society of Accountants which is effective for the accounting periods commencing on or after 1st January 2003:

SSAP 12 (Revised) “Income Taxes” prescribes the accounting treatment and disclosures for deferred tax. In previous years, deferred tax is provided using the income statement liability method, on all significant timing differences to the extent that it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt. 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 amount 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. However, the adoption of the SSAP 12 (Revised) has had no material effect on the Group’s net assets and results for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

## 2. SEGMENT INFORMATION

The following tables present revenue, profit and expenditure information for the Group's business and geographical segments:

### (a) Business segments:

2003	6 months ended 30th September 2003				Consolidated HK\$'000
	Manufacture and sales of fur garments HK\$'000	Trading of fur skins HK\$'000	Others HK\$'000	Elimination HK\$'000	
Segment revenue:					
Sales to external customers	35,078	28,692	-	-	63,770
Intersegment	-	21,105	-	(21,105)	-
Other revenue	348	851	11,998	(2,199)	10,998
<b>Total revenue</b>	<b>35,426</b>	<b>50,648</b>	<b>11,998</b>	<b>(23,304)</b>	<b>74,768</b>
Segment results	4,774	1,533	9,921		16,228
Unallocated expenses					(342)
Interest income					482
Profit from operating activities					16,368
Finance costs					(5)
Profit before tax					16,363
Taxation					(1,238)
Net profit attributable to shareholders					<b>15,125</b>

2002	6 months ended 30th September 2002				Consolidated HK\$'000
	Manufacture and sales of fur garments HK\$'000	Trading of fur skins HK\$'000	Others HK\$'000	Elimination HK\$'000	
Segment revenue:					
Sales to external customers	31,760	13,729	-	-	45,489
Intersegment	-	20,913	-	(20,913)	-
Other revenue	380	-	9,899	(348)	9,931
<b>Total revenue</b>	<b>32,140</b>	<b>34,642</b>	<b>9,899</b>	<b>(21,261)</b>	<b>55,420</b>
Segment results	5,350	931	8,460		14,741
Unallocated expenses					(402)
Interest income					569
Profit from operating activities					14,908
Finance costs					(502)
Profit before tax					14,406
Taxation					(1,218)
Net profit attributable to shareholders					<b>13,188</b>

**(b) Geographical segments:**

2003	6 months ended 30th September 2003				Consolidated HK\$'000
	Hong Kong and Mainland China HK\$'000	Japan HK\$'000	North America HK\$'000	Others HK\$'000	
Segment revenue: Sales to external customers	29,229	14,410	12,701	7,430	63,770
Segment results	11,528	1,961	1,729	1,010	16,228
	6 months ended 30th September 2002				
2002					
Segment revenue: Sales to external customers	14,435	19,190	9,484	2,380	45,489
Segment results	9,509	3,233	1,598	401	14,741

**3. PROFIT FROM OPERATING ACTIVITIES**

This is stated after (crediting) and charging the following:

	6 months ended 30th September	
	2003 HK\$'000	2002 HK\$'000
Crediting		
Rental income	(109)	(319)
Interest income from other investments	(3,558)	(454)
Bank interest income	(482)	(569)
Realised gain on investments in listed equity securities	(3,022)	(58)
Net realised gain on other long term investments	(286)	(3,764)
Net unrealised gain from transfer of held-to-maturity securities into other investments	(883)	–
Dividend income from listed equity securities	(451)	(4,809)
Charging		
Depreciation	1,314	1,198
Loss on disposal of fixed assets	66	–
Operating lease rentals on lands and buildings	307	279
Staff costs (including directors' remuneration)	4,371	4,643

#### 4. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the period.

The amount of taxation charged to the consolidated profit and loss account represents:

	6 months ended 30th September	
	2003	2002
	HK\$'000	HK\$'000
Hong Kong profits tax	<u>1,238</u>	<u>1,218</u>

There was no material unprovided deferred tax for the period.

#### 5. DIVIDENDS

	6 months ended 30th September	
	2003	2002
	HK\$'000	HK\$'000
Interim dividend proposed – HK1.2 cents (2002: HK1.1 cents) per ordinary share	<u>4,779</u>	<u>4,381</u>

The Board has resolved to declare an interim dividend of HK1.2 cents (2002: HK1.1 cents) per share payable to all the shareholders whose names appear on the Register of Members of the Company on Monday, 29th December 2003. The interim dividend will be paid on or about Thursday, 8th January 2004.

#### 6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$15,125,000 (2002: HK\$13,188,000). The basic earnings per share is based on the weighted average of 398,264,000 (2002: 398,264,000) ordinary shares in issue during the period.

Diluted earnings per share is based on the weighted average of 398,264,000 ordinary shares in issue during the period plus the weighted average of 1,208,000 ordinary shares deemed to be issued at no consideration if all outstanding share options had been exercised.

#### 7. TRADE RECEIVABLES

The ageing analysis of trade debtors is as follows:

	30th September 2003		31st March 2003	
	HK\$'000	%	HK\$'000	%
0-30 Days	14,037	75	1,745	27
31-60 Days	796	4	93	1
More than 60 Days	<u>3,905</u>	<u>21</u>	<u>4,618</u>	<u>72</u>
	<u>18,738</u>	<u>100</u>	<u>6,456</u>	<u>100</u>



## 8. TRADE PAYABLES

The ageing analysis of trade payables is as follow:

	30th September 2003		31st March 2003	
	HK\$'000	%	HK\$'000	%
0-30 Days	294	11	3,177	56
31-60 Days	626	23	318	6
More than 60 Days	1,798	66	2,223	38
	<u>2,718</u>	<u>100</u>	<u>5,718</u>	<u>100</u>

## 9. OTHER INVESTMENTS

	30th September 2003	31st March 2003
	HK\$'000	HK\$'000

At market value:

Equity securities listed in Hong Kong	21,304	23,244
Debt securities listed outside Hong Kong	<u>95,697</u>	<u>33,466</u>

During the period, held-to-maturity securities at a total amortised cost of HK\$40,856,000 were transferred to other investments at market value to reflect the Group's intention to hold the investments for non-trading purpose, resulting in an unrealised gain at the date of transfer of HK\$883,000 (2002: Nil) which has been credited to the profit and loss account for the period ended 30th September 2003.

## 10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<i>Authorised</i>		
Ordinary shares of HK\$ 0.1 each at 1st April 2003 and 30th September 2003	<u>1,000,000,000</u>	<u>100,000</u>
<i>Issued and fully paid</i>		
at 1st April 2003 and 30th September 2003	<u>398,264,000</u>	<u>39,826</u>

## 11. CONTINGENT LIABILITIES

At 30th September 2003, the Group did not have any significant contingent liabilities. The Company has given guarantees in favour of certain banks to the extent of HK\$44,500,000 (31st March 2003: HK\$69,500,000) in respect of banking facilities granted to certain wholly owned subsidiaries of the Company.

## 12. COMPARATIVE AMOUNTS

Certain comparative amounts of other revenue, selling and distribution expenses, and operating and administrative expenses have been reclassified to conform with the current period's presentation.

## RESULTS AND BUSINESS REVIEW

With various crises and uncertainties emerged in the first half of this year, such as Iraq war, the outbreak of Severe Acute Respiratory Syndrome and the nuclear tension in North Korea, the global economy lost its direction. Most of our customers were very conservative when they placed their orders, resulting in a very difficult operating environment. By virtue of its extensive experience in its core business and based on the policy of striving for the best returns for the shareholders, the Management of the Group analysed thoroughly the current situation and adopted a series of contingency measures. In order to tackle this pressing situation, the Group adopted a much more aggressive sales strategy of small profits but big turnover, and expanded our customer portfolio. In addition to consolidating and developing the fur garment business as our core business, the Group also expanded into the trading of raw materials. During the first six months, the Group's turnover increased to HK\$63,770,000, a 40.2% improvement comparing to the same period last year. Profit attributable to shareholders improved by 14.7% to HK\$15,125,000. As such, earnings per share was HK3.79 cents.

Confronted with arduous operation environment unthought of in recent years, the Group endeavors to broaden its customer base, in addition to consolidating the current relationship with the clients. In the first half year, market demand in North America and Russia augmented sharply. However, market demand in Japan and Korea declined because of their own economy downturn and the aforesaid uncertainties. The turnover of fur garment increased by 10.4% to HK\$35,078,000, with the record of gross profit HK\$4,774,000. The Group aimed at expanding its fur skins trading business this year which secured a favorable results during the period. The Group recorded a turnover of HK\$28,692,000, with an improvement of 109% comparing with the same period last year and the profit was HK\$1,533,000.

Interest rate had remained in low level for a period of time, under this circumstance, the Group continued to adopt its prudent investment approach consistently and achieved ideal yields for its liquid asset. The Group recorded investment income of HK\$11,998,000 and profits of HK\$9,921,000 during the period.

## **PROSPECT**

As uncertainties which once plagued the market gradually cleared up, the global economy recently shows signs of recovery.

Despite economic recovery, market supply remains substantial. The management believes that only products of good quality and reasonable pricing can satisfy the consumers' demand. To achieve this, the Group will adhere closely to the latest trend with an endeavor to gain a larger market share. Meanwhile, the Group will also actively develop product series for the mass market in order to fulfill the alternative market demand. The Group will also recruit more talented individuals and strive to expand the sales network, with the belief that these would result in a better development of our core business. As for fur skin raw materials trading businesses, the Group will continue to improve its vigor in operation and to raise service quality in various aspects, so as to attain better results.

The Group will continue to follow its established investment strategy, namely a prudent approach combined with a certain degree of aggressiveness. With the recovery of the economy, the Group will continue to be keen on seeking opportunities for investment and business expansion, so as to extend our business into other aspects, to diversify the business of the Group and to achieve better returns for shareholders.

I would like to take this opportunity to thank all customers, suppliers and shareholders for their strong support. I would also like to express my deepest gratitude towards all Directors for their invaluable contributions and all employees of the Group for their devoted services.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally derives cash for operation from internal cash flow and facilities from Hong Kong banks. As at 30th September 2003, the Group has cash and cash equivalents of HK\$67,560,000 (31st March 2003: HK\$71,901,000). As at 30th September 2003, the Group's bank loan amounted to HK\$11,858,000 (31st March 2003: HK\$Nil), and shareholders' funds amounted to HK\$244,596,000 (31st March 2003: HK\$226,878,000). Accordingly, the gearing ratio is 5% (31st March 2003: Nil).

As far as financial position is concerned, the Group continues to adopt a cautious policy. There are no long-term debts and the Group has sufficient funds for future business expansions and diversification in investments.

## FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in US Dollars and Renminbi. There is no significant fluctuation in the exchange rate in Hong Kong dollar and Renminbi. The Group believes that the risk of exposure to exchange rate is minimal.

## EMPLOYEES

As at 30th September 2003, the Group employed around 300 employees in both Hong Kong and the Mainland. The Group continues to provide remuneration package, including share options to its employees based on prevailing market conditions.

## DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 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 ("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 (the "Model Code") were as follows:

### (a) Long positions in ordinary shares of HK\$0.1 each of the Company

Name of director	Notes	Personal interests	Corporate interests
Mr. Ng Ngan Lung	1	Nil	240,000,000
	2	Nil	33,720,000
Mr. William Carl Frick		834,000	Nil

Notes:

- 240,000,000 shares are owned by Fung Kong Worldwide Limited, a company incorporated in the British Virgin Islands. Its entire issued share capital is owned by Mr. Ng Ngan Lung.
- 33,720,000 shares are owned by Silver Sound Assets Limited, a company incorporated in the British Virgin Islands. Its entire issued share capital is owned by Mr. Ng Ngan Lung.

### (b) Long positions in underlying shares – share options

Details of the interests of directors in share options of the Company are disclosed under the section "Share Option Scheme" in this report.

Saved as disclosed above, none of the directors or chief executives of the Company has any interest or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES**

Apart from as disclosed under the heading "Directors' interests or short positions in shares, underlying shares and debentures" above and "Share Option Scheme" below, at no time during the period or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares, underlying shares or debentures in the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## **SHARE OPTION SCHEME**

On 9th October 1997, the company adopted a Share Option Scheme (the "Scheme") which would lapse on 8th October 2007, pursuant to which the directors may, at their discretion, grant to selective employees of the Group including the directors to subscribe for shares of the Company up to a maximum aggregate number of shares equal to 10 per cent of the total issued shares of the company. The purpose of the Scheme is to allow grantee the opportunity to obtain equity interest in the company. No grantee would be granted option which would exceed 25 per cent of the total option available. The grant is subject to acceptance within 21 days of the offer. The consideration payable for the option is HK\$1.00. The exercisable price of the option is determined by the directors which shall be not less than the higher of the nominal value of the share or 80 per cent of the average five business days' closing price of the shares on The Stock Exchange of Hong Kong Limited immediate preceding the date of the grant.

The following table discloses movements in the Company's share options during the period and options outstanding at the beginning and end of the period.

Directors	Number of share options outstanding at 1st April 2003	Number of share options outstanding at 30th September 2003	Initial exercise price HK\$	Exercisable period
Mr. Ng Ngan Lung	5,000,000	5,000,000	0.29	7/1/1998 – 31/12/2007
Mr. William Carl Frick	1,000,000	1,000,000	0.29	23/2/1998 – 31/12/2007
Mr. Chong Hong Sang	1,000,000	1,000,000	0.38	8/8/2001 – 31/12/2007
Employee	600,000	600,000	0.29	7/1/1998 – 31/12/2007
Total	<u>7,600,000</u>	<u>7,600,000</u>		

No share options were exercised by the Directors to subscribe for a share in the Company during the period.

#### **DIRECTORS' INTERESTS IN CONTRACTS**

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the period.

#### **SUBSTANTIAL SHAREHOLDERS**

As at 30th September 2003, according to the register of interest in shares and short positions required to be kept by the Company under section 336 of the SFO, the Company has been notified that the following shareholder was interest in 5% or more of the share capital of the Company:

Name	Notes	Number of shares held	Percentage of holding
Fung Kong Worldwide Ltd.	1	240,000,000	60.26%
Silver Sound Assets Ltd	2	33,720,000	8.47%

Notes:

1. The entire issued share capital of Fung Kong Worldwide Ltd is held and beneficially owned by Mr. Ng Ngan Lung.
2. The entire issued share capital of Silver Sound Assets Ltd is held and beneficially owned by Mr. Ng Ngan Lung.

Save as disclosed above, the Company has not been notified of any other person (other than a director of the Company) who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30th September 2003.

#### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 29th December 2003 to Friday, 2nd January 2004 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 24th December 2003.

#### **REPURCHASE OF SHARES**

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

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

Except for the Company's independent non-executive directors not being appointed for a specific terms, 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 30th September 2003, in compliance with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

#### **AUDIT COMMITTEE**

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 30th September 2003.

On Behalf of the Board  
**Ng Ngan Lung**  
*Chairman*

Hong Kong, 8th December 2003