

Hsin Chong Construction Group Ltd.

(Incorporated in Bermuda with Limited Liability)

2003/2004 INTERIM REPORT



QUALITY & SERVICE

SINCE 1939

VISION STATEMENT

A construction and integrated project development group engaged in the Hong Kong and Mainland China markets.

To be the “preferred business partner” of public and private sector clients seeking high technology and value-added solutions in the infrastructure, health and environmental sectors.



CORPORATE INFORMATION

DIRECTORS

V-nee YEY (*Chairman*)
Rodney Gordon FRANKS
(*Managing Director*)
Tobias Josef BROWN*
Ho-ming Herbert HUI*
Kin-fung Jeffrey LAM*
Kwok-kuen Peter LAU*
Anthony Francis RADEMEYER*
Mou-chong David YEY**

* *Independent Non-Executive Director*

** *Non-Executive Director*

AUDIT COMMITTEE

Tobias Josef BROWN (*Chairman*)
Ho-ming Herbert HUI
Kin-fung Jeffrey LAM

COMPANY SECRETARY

Man-see Lisa MI

SOLICITORS

F. Zimmern & Company
Herbert Smith

AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

REFERENCE BANKS AND FINANCIAL INSTITUTIONS

Bank of China
Standard Chartered Bank
Hang Seng Bank Ltd
CITIC Ka Wah Bank Ltd
UFJ Bank Ltd
Liu Chong Hing Bank Ltd
DBS Bank (Hong Kong) Limited
The Bank of East Asia, Ltd
HSBC Republic Bank (Suisse) SA

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton
Bermuda

PRINCIPAL PLACE OF BUSINESS

Hsin Chong Center
107–109 Wai Yip Street
Kwun Tong
Kowloon
Hong Kong
Tel: 2579 8238

WEBSITES

<http://www.hsinchong.com>
<http://www.irasia.com/listco/hk/hsinchong>

SHARE REGISTRARS

Butterfield Fund Services (Bermuda)
Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

BRANCH REGISTRARS IN HONG KONG

Computershare Hong Kong Investor
Services Limited
Rooms 1901–5
19th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

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HSIN CHONG CONSTRUCTION GROUP LTD.

(Incorporated in Bermuda with Limited Liability)

The Directors of Hsin Chong Construction Group Ltd. ("Company") announce results of your Company and its subsidiaries (together, the "Group") for the six months ended 30th September, 2003. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30th September, 2003, and the consolidated balance sheet as at 30th September, 2003 of the Group, all of which are unaudited, along with explanatory notes, (all of which have been reviewed by the Audit Committee pursuant to Listing Rules of The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules") and by the Company's auditors in accordance with Statement of Auditing Standards 700 issued by the Hong Kong Society of Accountants ("HKSA")) are set out in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

Operating results for the six months ended 30th September, 2003 disclose a profit of HK\$17.1 million after tax and minorities, versus 2002's loss of HK\$32.5 million. Per share profit was HK2.7 cents versus loss of HK5.1 cents for last year.

For the six months ended 30th September, 2003, the Group achieved a turnover of HK\$1,056.4 million, a 12.3% increase compared with last corresponding period. The increase was primarily attributable to the increase in the turnover of the building construction business in China. Due to the continued weakness in the local construction sector, gross profit decreased by 64.3% to HK\$40.2 million versus 2002's HK\$112.7 million. As reported last year, your Group has taken control measures to reduce the costs and overheads, which resulted in a 25.4% decrease in overheads and other operating expenses as compared with last corresponding period. This is before the effect of a "one-off" provision of HK\$10.0 million for accrued staff leave in last corresponding period. In the property development business, a provision of HK\$16.0 million was made against the Wen Chang Court project in Guangzhou, reflecting on a prudent basis the impairment in value of your Group's 42% effective interest. In addition, your Group wrote back HK\$17.5 million provision for the shortfall in retirement fund scheme made in last fiscal year as a result of improvement in value of the fund's investment portfolio, and recorded a gain on deconsolidation of subsidiaries in liquidation amounting to HK\$32.3 million as more fully described in note 4 to the accounts. With a loss of HK\$2.5 million from the associates, a tax provision of HK\$1.6 million, minority interest of HK\$8.9 million, the Group reported a profit attributable to shareholders of HK\$17.1 million versus 2002's loss of HK\$32.5 million.

Segment Analysis

(1) Building construction and civil engineering

Turnover for the building and civil engineering division was HK\$1,040.6 million, an increase of 12.6% compared with last corresponding period. Turnover from construction businesses in Hong Kong, China and Macau amounted to HK\$827.7 million, HK\$185.2 million and HK\$27.7 million respectively (2002: HK\$924.1 million in Hong Kong and HK\$0.5 million in China). Contribution from China improves as a result of the Group's strategy to shift its focus and resources to China. Loss after finance costs was HK\$10.2 million (2002: profit of HK\$19.0 million) for the period. This was mainly due to unsatisfactory result from Hong Kong operation as a result of very thin margins in the construction industry. Despite loss incurred in Hong Kong, operations in China and Macau reported profits of HK\$0.1 million and HK\$8.0 million respectively (2002: loss of HK\$3.8 million in China).

(2) Electrical and mechanical engineering

Due to the decline in turnover from a lower base of order book, profit generated from Hsin Chong Aster was insufficient to cover its overheads and resulted in a loss of HK\$2.3 million (2002: HK\$1.8 million). Turnover from newly awarded projects was minimal.

(3) Property development

The property development segment reported turnover of HK\$1.4 million for the period. Loss of HK\$15.6 million (2002: profit of HK\$1.2 million) mainly represented a provision of HK\$16.0 million for impairment in value of the Guangzhou Wen Chang Court development where your Group shares a 42% effective interest.

(4) Rental property

No. 3 Lockhart Road was substantially let and the renewal and new letting rentals were in line with market rate. Total rental income (including rental income from Hsin Chong Center not occupied by the Group) has decreased slightly by 3.4% to HK\$10.3 million, mainly due to lower average occupancy rate of 91% in No. 3 Lockhart Road (2002: 96%). Profit after finance costs was HK\$3.8 million (2002: loss of HK\$0.4 million). Improvement was mainly due to savings in depreciation cost of HK\$3.6 million, after impairment in value against Hsin Chong Center and No. 3 Lockhart Road for HK\$127.0 million and HK\$20.3 million respectively, were charged out to the profit and loss in last year.

(5) Hotel operation

Novotel Century Harbourview's average occupancy rate and average room rate were significantly decreased to 55% and HK\$292.1 per room respectively (2002: 83% and HK\$338.5 per room). This was due to the outbreak of atypical pneumonia in March 2003 resulted in a serious negative impact on the travel and tourism industry. As the Hong Kong Special Administrative Region was delisted as a SARS-affected area by the World Health Organization in June 2003 and all travel restrictions were lifted, the local economy experienced a rebound as led by the tourism industry and the retail sector. Overall, our hotel operation recorded a loss of HK\$1.3 million (2002: HK\$1.0 million) for the period.

(6) Other operations

Other operations represented the integrated facility management business in China and the piling and foundations business (discontinued operation). Over the past six months, the integrated facility management business reported turnover of HK\$4.0 million and operating profit of HK\$0.4 million. In addition, your Group recorded a gain on deconsolidation of subsidiaries in liquidation amounting to HK\$32.3 million as more fully described in note 4 to the accounts.

On consolidation, return on equity was 7.6% versus 2002's loss of 9.7%.

Financial Position

The Group maintains its policy of conservative capital management with debt to capitalization of 28% at the balance sheet date (2002: 24%). Total bank borrowing carried at weighted average interest rate of 3.2% per annum amounted to HK\$197.3 million (31st March, 2003: HK\$204.1 million), of which 54% (31st March, 2003: 54%) falls due after one year. Out of these borrowings, HK\$144.3 million are charged at a spread to HIBOR with the rest are denominated in Renminbi for which applicable interest rate are charged at a spread to the interest rate as prescribed by The People's Bank of China. Up to 15th November, 2003, total credit facilities (exclude construction finance for Guangzhou Wen Chang Court) available to the Group amounted to HK\$504.3 million with an undrawn balance of HK\$360.0 million. Land and buildings with a carrying value of HK\$67.0 million (31st March, 2003: HK\$68.5 million) have been pledged to secure the related mortgage loan. In respect of Guangzhou Wen Chang Court first phase development in which your Group has an effective interest of 42%, a construction bank loan of RMB130 million has been arranged and RMB58.1 million has been drawn down as of 15th November, 2003. The Group's other financing requirements for the coming year are expected to be met by available cash as at balance sheet date, cash generated by operations and bank credit facilities.

As of 30th September, 2003, net working capital amounted to HK\$245.5 million (31st March, 2003: HK\$247.8 million). Cash balances and short term investments are 2.0% higher at HK\$564.3 million compared with last year end (HK\$553.5 million) with 90% (31st March, 2003: 88%) as cash and cash equivalents.

Financial Hedging And Other Off Balance Sheet Financial Instruments

The Group's net borrowings and cash balances are primarily denominated in Hong Kong and US dollars, except the construction finance for the Guangzhou Wen Chang Court, which is denominated in Renminbi. The Group has no significant exposure to foreign currency fluctuations. In addition, your Group adopts hedging policies for mitigating interest rate risk and exchange rate risk associated with respective assets or liabilities, rights or obligations. Such policies ensure effective cost controls on construction cost as early as at the tendering stage and controllable borrowing cost for operation and investment needs.

Interest rate risk and exchange rate risk are risks to earnings or capital arising from movement of respective rates. The former mainly arises from bank borrowings by your Group and the latter comprises exposure due to currency needs from normal business operation for material procurements and services requirements. Your Group has established policies and procedures to the assessment, booking and monitoring of all such off balance sheet financial instruments under limits approved by the Finance Committee. Such policies and procedures have been reviewed by the internal audit personnel and reported to the Audit Committee in March 2003. The controls and procedures governing such activities were overall considered adequate.

Gain or loss arising from relevant hedging transactions will be booked against profit and loss associated with underlying assets or liabilities. For example, any differential interest receipts and payments, arising from interest rate swap agreements are accrued so as to match the net income or cost of such agreement with the related finance expenses from the underlying borrowings.

As at 15th November, 2003, your Group has entered into forward exchange contracts with tenor of two years to hedge HK\$150 million against US Dollar. Besides, your Group also hedged 69% of its long-term borrowings (exclude borrowings for the construction of Guangzhou Wen Chang Court) for the HIBOR element by interest swap agreements with tenor of two years.

Operational Review On Contracts

Subsidiaries

Over the past six months, the building construction arm received HK\$1,262.3 million of new contracts with 12% derived from the Mainland China. Apart from a construction project to house the Headquarters of Hua Wei Technologies Company Limited in Shenzhen obtained last year, your Group has made further progress with the contract awarded by Shijiazhuang Jie Zheng Manufacture Limited for the construction of a 2-million ton steel plate manufacture plant and its associated facilities at Jing Xing Kuang Qu, Shijiazhuang, Hebei Province, PRC. The total contract sum is RMB354.5 million (HK\$332.4 million), inclusive of a lump sum of RMB195.2 million (HK\$183.0 million) for procurement of plant, machinery and equipment by the employer directly. Two

building construction contracts totalled HK\$1,112.0 million were awarded in Hong Kong, including the construction of Main Building Works for Pok Oi Hospital Redevelopment and Expansion at Yuen Long, New Territories from the Hospital Authority and a 30-classroom Primary School at Diocesan Boy's School Campus at Argyle Street, Kowloon. The civil engineering arm, on the other hand received a new contract from the Civil Engineering Department of The Government of the Hong Kong SAR for a 10-Year Extended Landslip Preventive Measures Project, Phase 2, Package G-Landslip Preventive Works for Slopes and Retaining Walls in Lantau and Lamma Island at a contract sum of HK\$94.0 million.

Contracts totalling HK\$205.4 million were completed with HK\$129.3 million derived from the building construction arm, mainly for Shek Lei Estate Phase 12 for the Hong Kong Housing Authority. The civil engineering arm, on the other hand completed HK\$76.1 million of contracts mainly for the Roads and Associated Engineering Works for Hung Shui Kiu North Phase 1 of the Territory Development Department, the Retaining Wall and Slope Remedial Works at Pui Ching Middle School, 20 Pui Ching Road, Kowloon and the Stability Improvement Works at The Chinese University of Hong Kong.

Overall, consolidated orders on hand amounted to HK\$5,069.8 million, a 29.5% increase from last year end.

The breakdown of outstanding contracts of your Group's construction subsidiaries is as follows:

	<u>31/3/2003</u>	<u>Received</u>	<u>Completed</u>	<u>30/9/2003</u>
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Building Construction				
Hong Kong SAR	2,888.1	1,112.9	(129.3)	3,871.7
Mainland China	585.0	149.4	—	734.4
Civil Engineering				
Hong Kong SAR	439.5	98.5	(76.1)	461.9
Mainland China	1.8	—	—	1.8
	<u>3,914.4</u>	<u>1,360.8</u>	<u>(205.4)</u>	<u>5,069.8</u>
Total	<u>3,914.4</u>	<u>1,360.8</u>	<u>(205.4)</u>	<u>5,069.8</u>

The split of outstanding contracts at balance sheet date is as follows:

	<u>Amount</u>	<u>%</u>
	<i>HK\$ Million</i>	
Government	734.7	14.5
Housing Authority	622.3	12.3
Public, Charitable or Non-Profit Institutions	112.0	2.2
Hospital	1,000.0	19.7
Private Developers	<u>2,600.8</u>	<u>51.3</u>
 Total	 <u>5,069.8</u>	 <u>100.0</u>

Also, your Group entered into a construction management agreement with Venetian Macau Limited for the Las Vegas Sands Project in the Macao, SAR. The agreement involves the provision of construction management services by your Group on the basis of a management fee, performance bonuses and reimbursement of staff and site organisation costs.

Joint Venture and Associates

Hsin Chong Aster (the 50% owned electrical and mechanical installation associate) doubled its order book over last year's level to HK\$513.9 million as at 30th September, 2003. Electrical and mechanical installation contracts amounting to HK\$289.3 million were received with HK\$37.0 million completed. The principal awards included HK\$271.4 million subcontract for the construction of Main Building Works for Pok Oi Hospital Redevelopment and Expansion at Yuen Long, New Territories. Major completions included the electrical and mechanical installation works for the Redevelopment of Lady Ho Tung Hall (Phase I & II) of The University of Hong Kong and fire service installation subcontract for the Asia Satellite Earth Station in Tai Po Industrial Estate.

The breakdown of outstanding contracts of your Group's construction associates and joint venture are as follows:

	<u>31/3/2003</u>	<u>Received</u>	<u>Completed</u>	<u>30/9/2003</u>
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Hsin Chong Aster	261.6	289.3	(37.0)	513.9
MBH Joint Venture	<u>1,483.4</u>	<u>—</u>	<u>—</u>	<u>1,483.4</u>

Note: The amounts shown above are gross figures and do not reflect your Group's net attributable share.

Construction Related Property Development

- (1) Lung Mun Oasis, Tuen Mun, Hong Kong
- (2) No. 3 Lockhart Road, Wanchai, Hong Kong
- (3) Hsin Chong Center, Kwun Tong, Hong Kong
- (4) Novotel Century Harbourview, Sai Wan, Hong Kong
- (5) SuCasa Service Apartments, Kuala Lumpur, Malaysia
- (6) Budi Ikhtiar, Kuala Lumpur, Malaysia

The status of the above six projects has not changed materially from the descriptions given in your Group's last annual report.

- (7) 18A La Salle Road, Kowloon Tong, Hong Kong

During the period, the Emerald House and Pearl House with gross floor area of 6,499 square feet and 5,544 square feet were sold for HK\$29.5 million and HK\$29.0 million respectively. In October 2003, the Jade House with gross floor area of 5,545 square feet was sold for HK\$32.0 million, leaving one house remained unsold.

- (8) Tianjin Taifeng Industrial Park, Tianjin, PRC

On 8th April, 2003, an agreement was entered into for the disposal of interests in the intended development of "standard ready for use" light industry factory buildings in Tianjin Economic Development Zone, Tianjin, PRC at a consideration of RMB16 million payable in cash by instalments. As at the report date, instalments totalled RMB11 million were received and the final instalment will be settled by early 2004.

- (9) Guangzhou Wen Chang Court, PRC

Impairment in value of HK\$16.0 million was made due to provision for loss for the construction of educational facilities as required by the municipal authority.

Major Contracts And Projects Subsequent To Period End

Consolidated

Subsequent to the period end, your Group completed two building construction contracts totalled HK\$1,005.8 million, including Tseung Kwan O Area 73A Phase 4 for the Hong Kong Housing Authority and Cambridge House at 981 King's Road, Quarry Bay from the private sector. Accordingly, outstanding contracts decreased from HK\$5,069.8 million at period end to HK\$4,064.0 million as of 15th November, 2003.

Associates

No significant jobs were received or completed subsequent to the period end.

INTERIM DIVIDEND

Your Board does not recommend the payment of interim dividend for the period ended 30th September, 2003. (2002: Nil)

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited interim consolidated financial statements have been reviewed by the Company's auditors, PricewaterhouseCoopers, and an unmodified review report has been received by the Board.

DIRECTORATE

On 13th June, 2003, Mr. Tobias Josef Brown was appointed as an Independent Non-Executive Director ("INED") and the Chairman of the Audit Committee. Mr. Brown is the managing director of UCL Asia Limited, which is one of the largest direct investment groups in terms of liquid capital in Hong Kong. He also serves as the non-executive chairman of Noble Group Limited, which is Hong Kong-based, Singapore main-board listed and Asia's largest supplier of strategic raw materials. Mr. Brown currently sits on the boards of a number of corporations in Asia, including American Standard China Plumbing Products Limited, Bendigo Mining NL and Compass Technology Company Limited. Mr. Brown has over 17 years of experience in direct investments in Asia. The Board would like to express a warm welcome to Mr. Tobias Brown for joining the Board.

Mr. Kwok-kuen Peter Lau, an INED, who had originally intended not to offer himself for re-election at the Annual General Meeting held on 3rd September, 2003 due to other commitments, had agreed to remain on the Board. Mr. Lau had made invaluable contributions and recommendations to the Company in the past, the Board is pleased with Mr. Lau's decision to remain as INED of the Company.

The Board believes that its function primarily is to direct the Group's strategy and to monitor and measure management's performance. Consequently, the proportion of INEDs appointed to serve on the Board should reflect this direction and accordingly, Messrs. Siu-lun Cheung, Ming Joseph Lai and Wai-tai Law, all executive directors, resigned as directors of the Company with effect from 22nd September, 2003. Messrs. Kok-foo James Lee and Shiu-chung Jacky Poon, being the alternate directors of Messrs. Cheung and Law respectively automatically ceased their alternate directorship with effect from the same date. All other positions held by Messrs. Cheung, Lai and Law within the Group remain unchanged.

The Board recorded a vote of thanks for Messrs. Cheung, Lai and Law's contributions as the executive directors of the Company in the past years.

Subsequent to the said changes, the Board will comprise eight members namely:— the Chairman, the Managing Director, five INEDs and a non-executive director.

CORPORATE GOVERNANCE

None of the directors of the Group is aware of any information that would reasonably indicate that the Group is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code of Best Practice as set out in the Listing Rules of the Stock Exchange. Your Group's adoption of a Code of Conduct in liaison with the Independent Commission Against Corruption has worked well and has become an integral part of your Group's culture.

Presently, apart from the Chairman, the Board contains one executive director, five INEDs and one non-executive director. With a high percentage of INEDs in the Board, their views which play a check and balance role are able to carry significant weight in the Board's decision. In addition, the Company has segregated the roles of Chairman and Chief Executive Officer.

Upon the appointment of Mr. Tobias Josef Brown as INED and the Chairman of the Audit Committee on 13th June, 2003, the Committee comprises Messrs. Brown, Ho-ming Herbert Hui and Kin-fung Jeffrey Lam, all independents. The Committee met twice a year since formation and has been satisfied with the Company's internal controls so far. On 24th June, 2003, the Committee resolved that it would meet four times a year in conjunction with the Board meetings commencing from 2004.

The Board and its management are appreciative of shareholders' support and will continue to enhance corporate governance and transparency.

REWARDS AND TRAINING

Including the directors of the Group, as at 30th September, 2003, the Group employed a total of 692 and 275 Hong Kong and PRC full-time employees respectively that included the directors of the Group. Remuneration for executive directors and senior management of the Group are tied in a meaningful way to profitability. Your Board believes such incentive remuneration best motivates its staff, aligns management's interests with shareholders' and minimises fixed salary expenses. Remuneration packages include base salary, annual bonus, share options and retirement benefits, details of which were disclosed in the 2002/03 annual report. The Group also provides in-house and external training programmes for all staff.

SALE AND PURCHASE OF SHARES

There was no redemption, purchase, sale or cancellation of shares in the Company made by the Company or any of its subsidiaries during the six months ended 30th September, 2003.

OUTLOOK

The Economy

In the last few months, Hong Kong has seen good recovery in the tourism and retail sectors with high occupancy in all grades of hotels but the reduced room rate levels that have now been established in some of the tourist hotels will take a long time to recover and returns will remain marginal. The recent improvements in economic performance, in particular the hardening property sector, will continue to have a positive impact on business confidence and with new Government initiatives such as the recent signing of the CEPA accord we can look forward to an increase in the number and quality of development opportunities and contemplate an end to this long period of deflation. The global economic outlook still contains elements of uncertainty which are bound to have some impact on our economic recovery but bold long term measures need to be put in place by the Government not only to address the fiscal deficit issue but more particularly the development of Hong Kong's inter-dependence with China in order that maximum benefit from this special relationship may be realised.

The Industry

The Hong Kong construction industry and its supply chain infrastructure remains in a depressed state with little scope for recovery in the mid term due in part to the Government's failure to recognize the central role it could play in kick starting the economic recovery and providing answers to key unemployment issues. Innovative means of procurement for ongoing infrastructure development and urban regeneration remain stuck in the discussion stage and repeated cancellation of major infrastructure projects merely demonstrates lack of commitment and creates insecurity in the private sector funding market. Generally speaking, the industry for its part has reacted slowly to this situation and much more needs to be done to lobby and promote a new deal for the industry and its pivotal role in a sustainable Hong Kong economic recovery.

The Group

Your Group continues to actively promote the Public Private Partnership (PPP) procurement model both in the Hong Kong and China market consistent with its 2010 business strategy for growth and technical innovation. The progress made in the development of our China business profile has been encouraging and we now have active companies undertaking traditional building construction, civil engineering,

project management services and infrastructure facility management. In the second quarter of 2004, the Group plans to obtain Class 1 certification for both its construction and electrical and mechanical (E&M) China subsidiaries to provide greater access to higher value project opportunities. We have invested heavily in the development of new business sector skills and actively sought out new strategic investment and technical partners to assist us in managing the inherent risks of the China market more effectively. In our traditional Hong Kong building and civil engineering markets, we have maintained our forecast trading position by being highly selective and committed to the principle of partnering consistent with providing our clients with a value added service.

The Group continues to seek ways to improve efficiency and performance in all operational divisions and encourage greater accountability and ownership amongst the management team at all levels. The comprehensive cost/value reconciliation measures being introduced by the end of the year to manage and control project financial performance will provide a major boost to the creation of a professional management culture that is fast evolving within the Hsin Chong Construction Group. Your Company has successfully undergone critical strategic change over the past year and despite a highly competitive macro operating environment we feel we are now in a position to operate profitably and generate returns to the shareholders on an ongoing basis.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

		Unaudited		
		6 months ended 30th September		
		2003	2002	% Change
	Note	HK\$'000	HK\$'000	
Turnover	2	1,056,370	940,961	12.3
Cost of sales		(1,016,200)	(828,290)	22.7
Gross profit		40,170	112,671	-64.3
Other income		10,101	11,062	-8.7
General and administrative expenses		(60,594)	(75,221)	-19.4
Other operating expenses		(12,606)	(31,073)	-59.4
Other write back/(charge)	3	1,566	(4,123)	N/A
Net transfer from/(to) deferred income		3,826	(7,314)	N/A
Deconsolidation of liquidated subsidiaries	4	32,255	—	N/A
Operating profit	3	14,718	6,002	145.2
Finance costs		(2,366)	(3,566)	-33.7
Share of profits less losses/(losses less profits) of				
— jointly controlled entities		12	66	-81.8
— associated companies		(2,544)	(5,300)	-52.0
Profit/(loss) before taxation		9,820	(2,798)	N/A
Taxation	5	(1,581)	(79)	19.0x
Profit/(loss) after taxation		8,239	(2,877)	N/A
Minority interests		8,904	(29,658)	N/A
Profit/(loss) attributable to shareholders		17,143	(32,535)	N/A
Earnings/(loss) per share	7	HK2.7 cents	HK(5.1) cents	N/A

CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER, 2003 AND 31ST MARCH, 2003

		Unaudited 30th September 2003	31st March 2003	% Change
	Note	HK\$'000	HK\$'000	
Fixed assets		179,648	190,789	-5.8
Associated companies		102,356	101,721	0.6
Jointly controlled entities		8,089	83	96.5x
Other investments		—	1,744	-100.0
Properties under development		91,400	105,166	-13.1
Current assets				
Stocks and contracting work-in-progress		301,542	143,225	110.5
Receivables and prepayments	8	375,569	406,612	-7.6
Short term investments		37,185	34,463	7.9
Deposits, cash and bank balances				
— restricted		21,750	33,750	-35.6
— unrestricted		505,387	485,246	4.2
		1,241,433	1,103,296	12.5
Current liabilities				
Current portion of long term bank loans	10	(91,381)	(93,311)	-2.1
Creditors and accruals	9	(888,789)	(754,808)	17.8
Taxation payable		(15,743)	(7,427)	112.0
		(995,913)	(855,546)	16.4
Net current assets		245,520	247,750	-0.9
Deferred taxation	12	(222)	(7,282)	-97.0
Deferred income		(19,629)	(24,344)	-19.4
Long term bank loans	10	(105,954)	(110,750)	-4.3
Net assets		501,208	504,877	-0.7
Financed by:				
Share capital	11	63,925	63,925	0.0
Reserves	13	393,667	376,580	4.5
Shareholders' funds		457,592	440,505	3.9
Minority interests		43,616	64,372	-32.2
		501,208	504,877	-0.7

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

	Unaudited		% Change
	6 months ended 30th September		
	2003	2002	
	HK\$'000	HK\$'000	
Operating activities			
Net cash inflow generated from operations	51,412	19,561	162.8
Interest received	2,639	4,224	-37.5
Interest paid	(3,446)	(4,083)	-15.6
Dividends received from listed investments	73	26	180.8
Dividends received from unlisted investments	—	5	-100.0
Hong Kong profits tax paid	(110)	(6,656)	-98.3
Overseas tax paid	(186)	(36)	416.7
Net cash inflow from operating activities	50,382	13,041	286.3
Investing activities			
Purchase of additional interest in a subsidiary	(3,493)	—	N/A
Increase in investment in an associated company	(2,275)	—	N/A
Increase in properties under development	(15,786)	(3,761)	319.7
Sales proceeds from disposal of interest in property under development	5,989	—	N/A
Purchase of fixed assets	(1,866)	(461)	304.8
Deconsolidation of liquidated subsidiaries	(1,147)	—	N/A
Disposal of fixed assets	389	14,684	-97.4
Dividends received from associated companies	—	1,888	-100.0
Net (advance)/repayment of loans (to)/from associated companies and jointly controlled entities	(8,926)	114	N/A
Net cash (outflow)/inflow from investing activities	(27,115)	12,464	N/A
Net cash inflow before financing	23,267	25,505	-8.8
Financing			
Repayment of bank loans			
— secured	(18,390)	(8,836)	108.1
— unsecured	(20,000)	(20,000)	0.0
Increase in bank loans			
— secured	11,664	9,422	23.8
— unsecured	20,000	10,000	100.0
Issue of shares	—	141	-100.0
Repayment to minority shareholders	(8,400)	(20,717)	-59.5
Dividends paid to minority shareholders of subsidiaries	—	(16)	-100.0
Release of restricted fixed deposits	12,000	1,800	566.7
Net cash outflow from financing	(3,126)	(28,206)	-88.9
Increase/(decrease) in cash and cash equivalents	20,141	(2,701)	N/A
Cash and cash equivalents at 1st April	485,246	530,536	-8.5
Cash and cash equivalents at 30th September	505,387	527,835	-4.3
Analysis of the balances of cash and cash equivalents			
Deposits, cash and bank balances — unrestricted	505,387	527,835	-4.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

	Unaudited		
	6 months ended 30th September		
	2003	2002	% Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Total equity as at 1st April	440,505	687,062	-35.9
Exchange differences arising on translation of the accounts of overseas operations not recognised in the consolidated profit and loss account	(56)	—	N/A
Profit/(loss) attributable to shareholders	17,143	(32,535)	N/A
Issue of shares	—	40	-100.0
Premium arising from issue of shares	—	101	-100.0
Write back of capital reserve to profit and loss account	—	(1)	-100.0
Total equity as at 30th September	<u>457,592</u>	<u>654,667</u>	-30.1

NOTES TO INTERIM ACCOUNTS

1. Basis of preparation and accounting policies

The unaudited consolidated interim accounts (“interim accounts”) are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25, “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants (“HKSA”), and Appendix 16 of the Listing Rules of the Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used in the annual accounts for the year ended 31st March, 2003 except that the Group has changed its accounting policy following its adoption of revised SSAP 12 “Income Taxes” issued by HKSA which is effective for accounting period commencing on or after 1st January, 2003.

The changes to the Group’s accounting policy and the effect of the adoption of the revised SSAP 12 is set out below:

In accordance with revised SSAP 12, deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associated companies and jointly controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. Nevertheless, the adoption of the revised SSAP 12 had no material effect on the Group’s accounts for current and prior periods.

2. Segment information

The Group is organised into five major business segments, being building construction and civil engineering, property development, rental property, electrical and mechanical installation and hotel operation. Other operations comprise mainly integrated facility management and piling and foundations (discontinued operation).

An analysis of the Group's revenue and results for the period by business segments is as follows:

Six months ended 30th September, 2003	Building construction and civil engineering	Property development	Rental property	Electrical and mechanical installation	Hotel operation	Other operations	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	1,040,649	1,412	10,267	—	—	4,042	1,056,370
Segment results	(8,057)	*(15,576)	4,106	—	—	33,387	13,860
Financial and securities income							2,076
Unallocated corporate expenses							(1,218)
Operating profit							14,718
Finance costs	(2,103)	—	(263)	—	—	—	(2,366)
Share of results of — Jointly controlled entities	12	—	—	—	—	—	12
— Associated companies	—	954	—	(2,309)	(1,349)	160	(2,544)
Profit before taxation							9,820
Taxation							(1,581)
Profit after taxation							8,239
Minority interests							8,904
Profit attributable to shareholders							17,143
Six months ended 30th September, 2002							
Turnover	924,605	1,503	10,633	—	—	4,220	940,961
Segment results	22,020	1,168	133	—	—	*(9,657)	13,664
Financial and securities income							(820)
Unallocated corporate expenses							(6,842)
Operating profit							6,002
Finance costs	(2,990)	—	(576)	—	—	—	(3,566)
Share of results of — Jointly controlled entity	66	—	—	—	—	—	66
— Associated companies	—	(2,629)	—	(1,793)	(994)	116	(5,300)
Loss before taxation							(2,798)
Taxation							(79)
Loss after taxation							(2,877)
Minority interests							(29,658)
Loss attributable to shareholders							(32,535)

* Includes an impairment in value of HK\$16.0 million against a property development project in Guangzhou, the People's Republic of China.

* Includes a net loss of HK\$4.1 million on disposal of plant and machinery.

3. Operating profit

Operating profit is stated after charging/(crediting) the following:

	6 months ended 30th September	
	2003	2002
	HK\$'000	HK\$'000
Depreciation		
— investment property	4,282	5,195
— building on long term leasehold land	1,426	4,072
— owned fixed assets	6,239	16,637
Net unrealised (gain)/loss on short term investments	(978)	1,942
Loss on disposal of short term investments	—	476
Other (write back)/charge		
— impairment loss on property under development	16,000	—
— write back of retirement benefits costs	(17,566)	—
— net loss on disposal of plant and machinery from discontinued operation	—	4,123
	(1,566)	4,123
Deconsolidation of liquidated subsidiaries	<u>(32,255)</u>	<u>—</u>

4. Deconsolidation of liquidated subsidiaries

During the period, Flannel Limited (“Flannel”) and Flannel Asia Limited (“Flannel Asia”), subsidiaries of the Group, entered into creditors’ compulsory winding up and voluntary winding up respectively. In the opinion of the directors, the Group no longer controls these companies. Accordingly, Flannel and Flannel Asia are not accounted for as subsidiaries by the Group. The net liabilities relating to Flannel and Flannel Asia as a result of its deconsolidation from the Group are therefore no longer being accounted for in the consolidated accounts which is then reflected as a gain on deconsolidation of subsidiaries under winding up amounting to HK\$32,255,000.

5. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits for the period after application of available tax losses brought forward. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

	6 months ended 30th September	
	2003	2002
	HK\$'000	HK\$'000
Company and subsidiaries:		
Hong Kong profits tax	1,023	344
Overseas taxation	529	277
Deferred taxation	—	(436)
	<u>1,552</u>	<u>185</u>
Associated companies:		
Hong Kong profits tax	29	(106)
	<u>1,581</u>	<u>79</u>

The Group has neither share the profits tax credit nor provided the tax expenses of jointly controlled entities during the period (2002: share of profits tax HK\$9,000).

6. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30th September, 2003 (2002: Nil).

7. Earnings/(loss) per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$17,143,000 (2002: loss of HK\$32,535,000) and the weighted average number of 639,258,000 shares (2002: 639,039,000 shares) in issue during the period. Diluted earnings/(loss) per share for the periods ended 30th September, 2003 and 2002 have not been calculated as no diluting events existed during these periods.

8. Receivables and prepayments

Included in receivables and prepayments are trade debtors and their ageing analysis is as follows:

	Not yet due	1 to 30 days	31 to 90 days	91 to 180 days	Over 180 days	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at						
30th September, 2003	<u>278,961</u>	<u>13,437</u>	<u>2,056</u>	<u>5,139</u>	<u>31,533</u>	<u>331,126</u>
Balance at						
31st March, 2003	<u>324,457</u>	<u>5,258</u>	<u>6,326</u>	<u>15,769</u>	<u>31,102</u>	<u>382,912</u>

8. Receivables and prepayments (continued)

Interim application for progress payments in construction contracts are normally on a monthly basis and settled within one month with retention monies withheld but released on the issuance of relevant maintenance certificates. Rental income is billed in advance of the rental period.

9. Creditors and accruals

Included in creditors and accruals are trade payables and their ageing analysis is as follows:

	Not yet due	1 to 30 days	31 to 90 days	91 to 180 days	Over 180 days	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at						
30th September, 2003	<u>809,209</u>	<u>1,002</u>	<u>181</u>	<u>—</u>	<u>4,542</u>	<u>814,934</u>
Balance at						
31st March, 2003	<u>669,383</u>	<u>1,123</u>	<u>227</u>	<u>1</u>	<u>4,262</u>	<u>674,996</u>

10. Long term bank loans

	30th September 2003 <i>HK\$'000</i>	31st March 2003 <i>HK\$'000</i>
Bank loans, wholly payable within five years		
— secured	167,335	174,061
— unsecured	<u>30,000</u>	<u>30,000</u>
	197,335	204,061
Amounts due within one year included under current liabilities	<u>(91,381)</u>	<u>(93,311)</u>
	<u>105,954</u>	<u>110,750</u>
The repayment schedule of long term bank loans is as follows:		
— within one year	91,381	93,311
— in the second year	<u>105,954</u>	<u>110,750</u>
	<u>197,335</u>	<u>204,061</u>

11. Share capital

	30th September 2003	31st March 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Authorised:</i>		
1,000,000,000 (31st March, 2003: 1,000,000,000) shares of HK\$0.10 each	<u><u>100,000</u></u>	<u><u>100,000</u></u>
<i>Issued and fully paid:</i>		
639,258,083 (31st March, 2003: 639,258,083) shares of HK\$0.10 each	<u><u>63,925</u></u>	<u><u>63,925</u></u>

During the period, no new shares were issued pursuant to the Employee Share Subscription Scheme ("Subscription Scheme"). As at 30th September, 2003, no qualifying employee has accepted offers to subscribe for shares of the Company under the Subscription Scheme in respect of the current operating period (1st July, 2003 to 31st December, 2003).

During the period, one option holder under Executive Share Option Scheme left the Company and accordingly, his options to subscribe for an aggregate number of 380,000 shares in the Company lapsed and determined. No option holders exercised their options to subscribe for shares of HK\$0.10 each in the Company during the period. The option holders are entitled to exercise their options at a price of HK\$0.80 per share. At 30th September, 2003, 5,164,000 (31st March, 2003: 5,544,000) options exercisable before 24th September, 2009 were outstanding.

No options to subscribe for shares in the Company have been granted pursuant to the Executive Share Option Scheme for the period ended 30th September, 2003.

12. Deferred taxation

	30th September 2003	31st March 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the period/year	7,282	10,144
Transfer to profit and loss account	—	(2,862)
Transfer to taxation payable	<u><u>(7,060)</u></u>	<u><u>—</u></u>
At the end of the period/year	<u><u>222</u></u>	<u><u>7,282</u></u>
Provided in the accounts in respect of:		
Accelerated depreciation allowances	222	222
Profit on incomplete contracts	<u><u>—</u></u>	<u><u>7,060</u></u>
	<u><u>222</u></u>	<u><u>7,282</u></u>

13. Reserves

	Exchange reserve <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Retained profit <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st March, 2002	83	148,156	4,354	1	121,110	349,473	623,177
Premium arising from issue of shares	—	101	—	—	—	—	101
Loss sustained for the period	—	—	—	—	—	(32,535)	(32,535)
Write back of capital reserve to profit and loss account	—	—	—	(1)	—	—	(1)
At 30th September, 2002	83	148,257	4,354	—	121,110	316,938	590,742
At 31st March, 2003	280	148,257	4,354	—	121,110	102,579	376,580
Profit retained for the period	—	—	—	—	—	17,143	17,143
Exchange translation	(56)	—	—	—	—	—	(56)
At 30th September, 2003	224	148,257	4,354	—	121,110	119,722	393,667

14. Contingent liabilities

30th September	31st March
2003	2003
<i>HK\$'000</i>	<i>HK\$'000</i>

Guarantees given to banks for facilities granted to associated companies

<u>53,798</u>	<u>60,548</u>
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15. Commitments

(a) At 30th September, 2003, the outstanding commitments in respect of properties under development were as follows:

30th September	31st March
2003	2003
<i>HK\$'000</i>	<i>HK\$'000</i>

Company and subsidiaries

Contracted but not provided for

11,766	21,325
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Authorised but not contracted for

<u>86,177</u>	<u>95,868</u>
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<u>97,943</u>	<u>117,193</u>
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15. Commitments (continued)

(b) Commitments under operating leases

At 30th September, 2003, the Group had future aggregate minimum lease payments payable under non-cancellable operating leases as follows:

	30th September 2003	31st March 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Land and buildings		
— not later than one year	1,792	2,120
— later than one year but not later than five years	751	2,505
— later than five years	—	773
	<u>2,543</u>	<u>5,398</u>

At 30th September, 2003, the Group had future aggregate minimum lease payments receivable under non-cancellable operating leases, which were typically run for a period of one to three years, as follows:

	30th September 2003	31st March 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Land and buildings		
— not later than one year	10,735	11,990
— later than one year but not later than five years	8,095	8,941
	<u>18,830</u>	<u>20,931</u>

16. Related party transactions

(a) Details of material transactions between certain companies of the Group and its associated companies and related companies are as follows:

	6 months ended 30th September 2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Billing of contracts from an associated company	(2,340)	(6,577)
Billing of contracts from related companies	(1,195)	(2,160)
Management fee paid to a related company	(1,000)	(1,200)
Service centre charges received from a related company	2,923	2,617
Secretarial and accountancy fee received from an associated company	1,050	1,050
Insurance premiums paid to a related company	(16,364)	(12,604)
Rental received from related companies	<u>1,219</u>	<u>1,187</u>

(b) Receivables and prepayments of the Group included trade receivable from associated companies and related companies of HK\$727,000 (31st March, 2003: HK\$345,000).

DISCLOSURE PURSUANT TO PRACTICE NOTE 19 OF THE LISTING RULES

The Group had amounts due from and loans to certain affiliated companies in a total sum of HK\$170.8 million and guarantees given to banks for facilities granted of HK\$53.8 million totalling HK\$224.6 million as at 30th September, 2003 which exceeds 25% of the Group's net assets. A proforma combined balance sheet of certain affiliated companies to which the Group provide major financial assistance and the Group's attributable interest in these affiliated companies are presented below:

	Pro-forma combined balance sheet	Group's attributable interest
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fixed assets	543,566	122,518
Associated companies	30,057	10,019
Jointly controlled entities	3,827	1,914
Properties for sale	152,717	38,179
Current assets	109,691	51,680
Current liabilities	(99,437)	(39,279)
Deferred income	(442)	(221)
Long term bank loans	(89,200)	(20,070)
Shareholders' advances	(718,947)	(170,239)
Provision for impairment losses on properties	<u>(366,490)</u>	<u>(84,022)</u>
Net Liabilities	<u>(434,658)</u>	<u>(89,521)</u>

DIRECTORS' INTERESTS

- (i) As at 30th September, 2003, the Directors of the Company listed below had the following beneficial interests in the share capital of the Company as recorded in the register of the interests and short positions of directors and chief executives required to be kept by the Company under Section 352 of the Securities and Futures Ordinance ("SFO"):

	Number of Shares Held				
	Personal Interests	Family Interests	Corporate Interests	Other Interests	Grant of Right*
V-nee YEH	15,676,843	—	—	113,350,819 <i>(Note 1)</i>	768,000
Mou-chong David YEH	831,959	—	—	80,074,576 <i>(Note 2)</i>	—

* Options to subscribe for shares in the Company under the Company's Executive Share Option Scheme.

Note 1: The share interests are held by GHY Company Limited acting as trustee of a trust in which Mr. V-nee YEH has a beneficial interest.

Note 2: The share interests are held by Howay Investment Ltd. which is wholly owned by a trust in which Mr. Mou-chong David YEH has a beneficial interest.

- (ii) Save as disclosed above, none of the other Directors of the Company had any beneficial interests, as defined in Paragraph (i) above, in the share capital of the Company and its associated corporations as at 30th September, 2003.

SHAREHOLDERS' INTERESTS

As recorded in the register of interests and short positions required to be kept by the Company under Section 336 of the SFO, the following shareholders were, directly and indirectly, interested in 5% or more of the issued share capital of the Company as at 30th September, 2003:

<u>Shareholder Name</u>	<u>Number of Shares Held</u>
Meou-tsen Geoffrey YEH	186,866,064 (Note 1)
Hsin Chong International Holdings Limited	183,130,508
V-nee YEH	129,027,662 (Note 2)
GHY Company Limited	113,350,819
Mou-chong David YEH	80,906,535 (Note 3)
Howay Investment Ltd.	80,074,576

Note 1: These share interests include 183,130,508 shares held by Hsin Chong International Holdings Limited in which Dr. Meou-tsen Geoffrey YEH has a corporate interest pursuant to the SFO.

Note 2: These share interests include 113,350,819 shares held by GHY Company Limited acting as trustee of a trust in which Mr. V-nee YEH has a beneficial interest.

Note 3: These share interests include 80,074,576 shares held by Howay Investment Ltd. which is wholly owned by a trust in which Mr. Mou-chong David YEH has a beneficial interest.

EXECUTIVE SHARE OPTION AND EMPLOYEE SHARE SUBSCRIPTION SCHEMES

The Company operates an Executive Share Option Scheme (“ESOS”) and an Employee Share Subscription Scheme (“ESSS”).

During the period, there was no movement of shares allotted under ESSS. The movements of the options granted under the ESOS are set out below:

Name of participant	Date of grant	Options held as at 1/4/2003	Changes during the period				Options held as at 30/9/2003	Exercise price (HK\$)	Exercisable period
			Lapsed	Granted	Exercised	Cancelled			
Director and Substantial Shareholder									
V-nee YEH	25/9/1996	384,000	—	—	—	—	384,000	0.80	25/9/1998 — 24/9/2008
	25/9/1996	384,000	—	—	—	—	384,000	0.80	25/9/1999 — 24/9/2009
Employees (in aggregate)	25/9/1996	366,000*	100,000	—	—	—	266,000	0.80	25/9/1997 — 24/9/2007
	25/9/1996	2,208,000*	140,000	—	—	—	2,068,000	0.80	25/9/1998 — 24/9/2008
	25/9/1996	2,202,000*	140,000	—	—	—	2,062,000	0.80	25/9/1999 — 24/9/2009
		<u>5,544,000</u>	<u>380,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,164,000</u>		

* As Messrs. Wai-tai LAW and Kok-foo James LEE resigned as Director and Alternate Director respectively during the period but remain as employees of the Company, all their options have been included in the above section for Employees (in aggregate).

Save as mentioned in the preceding paragraphs, at no time during the period was the Company or its subsidiaries, a party to any other arrangements to enable the Directors or Chief Executive or any of their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, its subsidiaries or any other body corporate.

V-nee YEH
Chairman

Hong Kong SAR, 5th December, 2003