

Financial Highlights

- Turnover decreased by 6% to HK\$167.1 million
- Profit before prior years' taxation (HK\$18.4 million) and compensation payment (HK\$5.2 million) increased by 185% to HK\$7.4 million
- Profit before prior years' taxation increased by 38% to HK\$2.2 million
- Positive EBITDA of HK\$13.4 million, an increase of 31%
- Net cash of HK\$20.6 million

Business Review and Prospects

The following sets out the financial highlights of United Pacific Industries Limited (the “Company”) and its subsidiaries and associated companies (the “Group”) for the six-months period ended 30th September, 2003 with the comparative figures for the corresponding period in 2002.

	2003 <i>HK\$ million</i>	2002 <i>HK\$ million</i>	Change <i>HK\$ million</i>	Change %
Turnover	<u>167.1</u>	<u>177.8</u>	(10.7)	6%
Earnings before interest, taxation and depreciation	13.4	10.2	3.2	31%
Depreciation	(5.8)	(7.8)	2.0	26%
Net interest (expense)/income	<u>(0.2)</u>	<u>0.2</u>	(0.4)	NA
Adjusted operating profit	7.4	2.6	4.8	185%
Share of results of associates	0	(0.4)	0.4	100%
Other non-operating items	<u>(5.2)</u>	<u>(0.6)</u>	(4.6)	767%
Profit before taxation	<u>2.2</u>	<u>1.6</u>	0.6	38%
Taxation				
- Underprovisions for the years of assessment from 1997/98 to 2001/02	(11.4)	0	(11.4)	NA
- Tax penalty	(7.0)	0	(7.0)	NA
	<u>(18.4)</u>	<u>0</u>	(18.4)	NA
Net (loss)/profit for the period	<u>(16.2)</u>	<u>1.6</u>	(17.8)	NA
Dividend	<u>0</u>	<u>22.3</u>	(22.3)	100%

Group Overview

- Turnover for the six-months period under review was maintained at approximately similar levels of HK\$167.1 million but profit before taxation increased by 38% to HK\$2.2 million.
- The Group's earnings before interest, taxation and depreciation ("EBITDA") for the period under review amounted to HK\$13.4 million, an increase of 31% or HK\$3.2 million.
- Consistent with the increase in EBITDA, the Group's adjusted operating profit ("earnings before loss contributed from associates, other non-operating items and taxation") also increased to HK\$7.4 million in current period, up by HK\$4.8 million, despite the decrease in turnover.
- Other non-operating items of HK\$5.2 million represented the compensation payment made to directors in respect of management changes during the period.
- During the period, a tax audit was conducted by the Hong Kong Inland Revenue Department ("IRD") on certain subsidiaries in respect of the years of assessment from 1997/98 to 2001/02. Subsequent to 30th September, 2003, the Group and the IRD, as a basis of settlement, reached a mutual agreement in respect of additional taxation charge for the years of assessment 1997/98 to 2001/02. Based on the settlement agreement, such taxation charge will be settled, after deducting the provisional tax of HK\$6.8 million that had already been paid, in twelve monthly installments starting from 31st December, 2003. As at 30th September, 2003, the balance of taxation payable amounted to HK\$12.4 million.
- As at 30th September, 2003, the Group had a bank and cash balance of HK\$39.6 million with certain trade debt amounting to HK\$19.0 million (a net cash balance of HK\$20.6 million), while the Group's net asset value was HK\$152.4 million, with a relatively healthy current ratio of 202.8% and a gearing ratio of nil balance (ratio of net bank debt to net asset value). The Group has adequate liquidity to meet its expected future working capital requirements.
- The directors of the Company have not recommended the payment of an interim dividend for the six months ended 30th September, 2003.

Financial and Operations Review

VOLTAGE CONVERTER AND RECHARGEABLE BATTERY BUSINESS SEGMENT

- Overview in the electronic/electrical manufacturing services (“EMS”) industry:
 - Severe pressure on suppliers to cut prices is a common occurrence.
 - Rapid changes in technology resulting in short product life cycles.
- During the period under review, turnover of the Group was HK\$167.1 million, slightly adjusted downward by 6% despite the very tough environment in the industry.
- The Group’s profit before prior years’ taxation, even after taking into account non-operating expenses of HK\$5.2 million (“compensation payment”), increased by 38% to HK\$2.2 million, with a positive EBITDA of HK\$13.4 million. This resulted from your management’s efforts in reducing labour cost, the closure of a number of facilities, and cutting costs generally wherever possible in order to maximize shareholders’ value.
- We are progressively enhancing our competitiveness in the field of linear-mode power supply and switch-mode power supply products in response to the changing trend in product demand in the electronics and telecommunications industry. We remain optimistic that we can effectively compete with the main suppliers of power supply products, both for the high-end and the low-end market segments for the present.
- Expansion of our manufacturing scope to OEM manufacturing of electrical or electronic home and personal appliances and increasing the sales volume of our power-tools products, chargers and related products (i.e. components, tooling and finished products) are also progressing positively.
- Despite the relatively difficult business climate, your management has been able to keep the Group profitable (before prior years’ taxation) due to on-going cost cutting and financial control measures. Your management will continue to optimise the use of financial resources.
- We are also pleased to add that, with our comprehensive engineering capabilities in the areas of tooling, moulding, plastic-mould injection, cable and fuse-making, and coil-winding, we are well-equipped to offer our customers a one-stop, complete manufacturing package that would enable our customers to have all components of their electrical/electronic products designed, assembled, quality-checked and packaged at our facilities, and then shipped directly to them.

The Year Forward

- Barring unforeseen circumstances, we expect positive developments for the Group and look forward to growth in profitability.
- To ride out the effects of the competitive environment, your management will try to minimize its impact on the Group by focusing on improving our operational efficiencies and financial control measures while continuing to exploit new opportunities.
- We will also continue to expand our manufacturing scope and invest prudently in R&D technology to remain competitive in the long term.
- We are confident that the Group will enter a new era of growth when the momentum of the recovery of the world economy is in full swing and excess capacity is removed from our industry.

By Order of the Board
Brian Cyril Beazer
Executive Chairman

Hong Kong, 17th December 2003

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Touche
Tohmatsu**

Independent Review Report

TO THE BOARD OF DIRECTORS OF UNITED PACIFIC INDUSTRIES LIMITED

INTRODUCTION

We have been instructed by the directors of the Company to review the interim financial report set out on pages 7 to 18.

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 the Statement of Standard Accounting Practice No. 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 view, 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 the Statement of Auditing Standards No. 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 30th September, 2003.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

17th December, 2003

Condensed Consolidated Income Statement

For the six months ended 30th September, 2003

	Notes	1.4.2003 to 30.9.2003 HK\$ (unaudited)	1.4.2002 to 30.9.2002 HK\$ (unaudited)
Turnover	3	167,056,944	177,816,853
Cost of sales		(145,265,636)	(157,241,898)
Gross profit		21,791,308	20,574,955
Other income		935,048	1,751,867
Administrative expenses		(18,378,045)	(19,262,429)
Distribution costs		(1,768,154)	(1,105,614)
Profit from operations		2,580,157	1,958,779
Finance costs		(388,673)	(9,169)
Share of results of associates		—	(352,706)
Profit before taxation		2,191,484	1,596,904
Taxation	5	(18,350,699)	—
Net (loss) profit for the period		(16,159,215)	1,596,904
Interim dividend	6	—	22,282,336
(Loss) earnings per share - Basic	7	(2.90) cents	0.29 cents

Condensed Consolidated Balance Sheet

At 30th September, 2003

	Notes	30.9.2003 HK\$ (unaudited)	31.3.2003 HK\$ (audited)
Non-current assets			
Investment properties		5,550,000	5,550,000
Property, plant and equipment	8	65,333,561	68,178,960
Investments in associates	9	—	3,510,000
		<u>70,883,561</u>	<u>77,238,960</u>
Current assets			
Inventories		35,916,801	30,720,487
Debtors and prepayments	10	88,635,037	65,973,938
Taxation recoverable		—	5,097,738
Bank balances, deposits and cash		39,598,166	58,746,028
		<u>164,150,004</u>	<u>160,538,191</u>
Current liabilities			
Creditors and accrued charges	11	49,355,193	34,084,332
Trust receipts and import loans - secured		19,032,971	10,964,752
Taxation payable		12,427,961	—
Obligations under finance leases - due within one year		141,964	145,666
		<u>80,958,089</u>	<u>45,194,750</u>
Net current assets		<u>83,191,915</u>	<u>115,343,441</u>
Total assets less current liabilities		154,075,476	192,582,401
Minority interests		1,485,620	1,485,620
Non-current liabilities			
Obligations under finance leases - due after one year		165,265	230,639
Net assets		<u>152,424,591</u>	<u>190,866,142</u>
Capital and reserves			
Share capital	12	55,705,840	55,705,840
Reserves		96,718,751	135,160,302
Shareholders' funds		<u>152,424,591</u>	<u>190,866,142</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2003

	Share capital	Share premium	Capital redemption reserve	Capital reserve	Translation reserve	Accumulated profits	Dividend reserve	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st April, 2002	55,753,840	13,572,024	1,394,200	21,019,257	21,422	139,435,334	—	231,196,077
Premium paid on repurchase of shares	—	(45,100)	—	—	—	—	—	(45,100)
Repurchase of shares	(48,000)	—	48,000	—	—	(48,000)	—	(48,000)
Net profit for the period	—	—	—	—	—	1,596,904	—	1,596,904
Interim dividend declared	—	—	—	—	—	(22,282,336)	22,282,336	—
At 30th September, 2002 and 1st October, 2002	55,705,840	13,526,924	1,442,200	21,019,257	21,422	118,701,902	22,282,336	232,699,881
Capital reserves realized upon partial disposal of a subsidiary	—	—	—	(1,148,827)	—	—	—	(1,148,827)
Exchange differences on translation of operations outside Hong Kong	—	—	—	—	1,010,145	—	—	1,010,145
Net loss for the period	—	—	—	—	—	(19,412,721)	—	(19,412,721)
Final dividend proposed	—	—	—	—	—	(22,282,336)	22,282,336	—
Dividend paid	—	—	—	—	—	—	(22,282,336)	(22,282,336)
At 31st March, 2003 and 1st April, 2003	55,705,840	13,526,924	1,442,200	19,870,430	1,031,567	77,006,845	22,282,336	190,866,142
Net loss for the period	—	—	—	—	—	(16,159,215)	—	(16,159,215)
Dividend paid	—	—	—	—	—	—	(22,282,336)	(22,282,336)
At 30th September, 2003	55,705,840	13,526,924	1,442,200	19,870,430	1,031,567	60,847,630	—	152,424,591

Condensed Consolidated Cash Flow Statement

For the six months ended 30th September, 2003

	1.4.2003 to 30.9.2003 <i>HK\$</i> (unaudited)	1.4.2002 to 30.9.2002 <i>HK\$</i> (unaudited)
Net cash used in operating activities	(5,519,659)	(16,240,673)
Net cash from (used in) investing activities	654,990	(5,069,861)
Net cash (used in) from financing	(14,283,193)	811,107
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Net decrease in cash and cash equivalents	(19,147,862)	(20,499,427)
Cash and cash equivalents at beginning of the period	58,746,028	60,686,742
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Cash and cash equivalents at end of the period	<u><u>39,598,166</u></u>	<u><u>40,187,315</u></u>

Notes to the Condensed Financial Statements

For the six months ended 30th September, 2003

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants (“HKSA”) 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

The accounting policies adopted are consistent with those followed in the preparation of the audited financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31st March 2003, except that the Company has adopted, for the first time in the current period, SSAP No. 12 (Revised) “Income taxes” (“SSAP 12 (Revised)”) issued by the HKSA.

The principal effect of the adoption 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 under which a liability was recognized 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 recognized 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. The adoption of this standard has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. SEGMENT INFORMATION

Business Segments

The Group's principal activities are manufacture and trading of voltage converters and coils and rechargeable battery products. These two business segments are the basis on which the Group reports its primary segment information. Segment information about these businesses is presented as below:

	Voltage converters and coils <i>HK\$</i>	Rechargeable battery products <i>HK\$</i>	Elimination <i>HK\$</i>	Consolidated <i>HK\$</i>
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For the six months ended 30th September, 2003

Turnover

External sales	149,254,779	17,802,165	—	167,056,944
Inter-segment sales	2,293,063	—	(2,293,063)	—
	<u>151,547,842</u>	<u>17,802,165</u>	<u>(2,293,063)</u>	<u>167,056,944</u>

	Voltage converters and coils <i>HK\$</i>	Rechargeable battery products <i>HK\$</i>	Consolidated <i>HK\$</i>
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For the six months ended 30th September, 2003

Result

Segment result	<u>2,754,764</u>	<u>3,979,407</u>	6,734,171
Unallocated corporate expenses			(4,350,288)
Interest income			196,274
Finance costs			<u>(388,673)</u>
Profit before taxation			2,191,484
Taxation			<u>(18,350,699)</u>
Net loss for the period			<u>(16,159,215)</u>

3. SEGMENT INFORMATION (Continued)

Business Segments (Continued)

	Voltage converters and coils <i>HK\$</i>	Rechargeable battery products <i>HK\$</i>	Elimination <i>HK\$</i>	Consolidated <i>HK\$</i>
For the six months ended 30th September, 2002				
Turnover				
External sales	163,208,325	14,608,528	—	177,816,853
Inter-segment sales	4,639,551	—	(4,639,551)	—
	<u>167,847,876</u>	<u>14,608,528</u>	<u>(4,639,551)</u>	<u>177,816,853</u>
	Voltage converters and coils <i>HK\$</i>	Rechargeable battery products <i>HK\$</i>		Consolidated <i>HK\$</i>
For the six months ended 30th September, 2002				
Result				
Segment result		<u>6,188,961</u>	<u>(1,176,141)</u>	5,012,820
Unallocated corporate expenses				(3,210,937)
Interest income				156,896
Finance costs				(9,169)
Share of results of associates				<u>(352,706)</u>
Net profit for the period				<u>1,596,904</u>

3. SEGMENT INFORMATION (Continued)

Geographical Segments

The Group's operations are located in the Mainland China and Hong Kong of the People's Republic of China (the "PRC"). The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods:

	Turnover by geographical market	
	Six months ended 30th September,	
	2003	2002
	HK\$	HK\$
The PRC		
Hong Kong	44,439,899	42,628,931
Mainland China	16,199,521	19,969,866
	<u>60,639,420</u>	<u>62,598,797</u>
United States of America, South America and Canada	57,372,154	45,235,316
Europe	38,271,193	41,322,685
Malaysia	6,110,622	18,882,720
Asia Pacific (excluding the PRC and Malaysia)	4,663,555	9,777,335
	<u>167,056,944</u>	<u>177,816,853</u>

4. DEPRECIATION AND LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

During the period, depreciation on property, plant and equipment and loss on disposal of property, plant and equipment of approximately HK\$5,771,000 and HK\$126,000 (HK\$7,773,000 and HK\$642,000 for the six months ended 30th September, 2002) respectively were charged to the condensed consolidated income statement.

5. TAXATION

Six months ended
30th September,
2003 2002
HK\$ HK\$

The charge comprises:

The Company and its subsidiaries:

Hong Kong Profits Tax

- Current period	—	—
- Underprovisions in prior years	11,350,699	—
- Tax penalty	7,000,000	—
	<u>18,350,699</u>	<u>—</u>

No provision for Hong Kong Profits Tax has been made in both periods as the estimated assessable profit was wholly absorbed by the tax loss brought forward.

In May 2003, a tax audit was commenced by the Hong Kong Inland Revenue Department (the “IRD”) on certain subsidiaries of the Company in respect of the years of assessment from 1997/98 to 2001/02. Subsequent to 30th September, 2003, the Company and the IRD reached a mutual agreement in respect of the additional tax liabilities and on 19th November, 2003, additional assessments of HK\$11,524,391 for the years of assessment from 1997/98 to 2001/02 together with a compound tax penalty of HK\$7,000,000 were issued by the IRD to the Company. The Company agreed with the IRD that the additional taxation charge and the tax penalty will be settled, after deducting the provisional tax already been paid amounting to HK\$6,822,738, in twelve monthly instalments starting from 31st December, 2003.

6. INTERIM DIVIDEND

Six months ended
30th September,
2003 2002
HK\$ HK\$

Interim dividend of nil per share

(4 cents per share for the six months
ended 30th September, 2002)

—	<u>22,282,336</u>
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7. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share for each of the six-month periods ended 30th September, 2003 and 2002 is computed based on the following data:

	1.4.2003 to 30.9.2003 <i>HK\$</i>	1.4.2002 to 30.9.2002 <i>HK\$</i>
Earnings:		
Net (loss) profit for the period and (loss) earnings for the purposes of basic and diluted earnings per share	<u>(16,159,215)</u>	<u>1,596,904</u>
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	<u>557,058,400</u>	<u>557,524,519</u>

Diluted loss per share has not been presented for the current period as the exercise of the Company's outstanding share options was anti-dilutive.

The share options have no dilutive effect for the six months ended 30th September, 2002 as the exercise price of the Company's outstanding share options was higher than the average market price of the Company's shares for that period.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$3,051,000 (HK\$5,217,000 for the six months ended 30th September, 2002) to acquire property, plant and equipment to expand its existing manufacturing capacity.

9. INVESTMENTS IN ASSOCIATES

During the period, the Group disposed of all of the Group's interests in two associates for an aggregate consideration of HK\$3,510,000 to the other shareholders of the associates.

10. DEBTORS AND PREPAYMENTS

At 30th September, 2003, the balance of debtors and prepayments included trade debtors of HK\$83,879,163 (HK\$63,332,791 at 31st March, 2003). The aged analysis of trade debtors at the reporting date is as follows:

	30.9.2003	31.3.2003
	<i>HK\$</i>	<i>HK\$</i>
0-60 days	51,829,078	27,762,684
61-90 days	10,631,054	12,841,669
91-120 days	8,605,168	8,359,976
> 120 days	12,813,863	14,368,462
	<u>83,879,163</u>	<u>63,332,791</u>

The Group allows credit periods ranging from 90 to 120 days to its trade customers.

11. CREDITORS AND ACCRUED CHARGES

At 30th September, 2003, the balance of creditors and accrued charges included trade creditors of HK\$33,215,577 (HK\$16,667,867 at 31st March, 2003). The aged analysis of trade creditors at the reporting date is as follows:

	30.9.2003	31.3.2003
	<i>HK\$</i>	<i>HK\$</i>
0-60 days	25,281,257	10,920,848
61-90 days	6,747,349	3,302,153
> 90 days	1,186,971	2,444,866
	<u>33,215,577</u>	<u>16,667,867</u>

12. SHARE CAPITAL

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.10 each		
Authorised:		
At 31st March, 2003 and 30th September, 2003	1,000,000,000	100,000,000
Issued and fully paid:		
At 31st March, 2003 and 30th September, 2003	557,058,400	55,705,840

13. RELATED PARTY TRANSACTIONS

The Group rented certain properties in an industrial estate in Songgang county, the PRC, and paid rent amounting to approximately HK\$1,242,000 (HK\$1,363,000 for the six months ended 30th September, 2002) during the period to 深圳市寶安區松崗鎮恒兆工業發展公司Shenzhen City Baoan District Songgang County Heng Zhao Industrial Development Company (“Heng Zhao”). Heng Zhao has entered into an agreement with All Good Investments Limited (“All Good”), a company in which Messrs. Ho Che Kong and Leung Wai Chuen, formerly executive directors and re-designated as non-executive directors of the Company during the period, have an interest of 24.5% and 12.2% respectively, for development of this industrial estate in Songgang county. Pursuant to this agreement, All Good is entitled to 54% of the profit derived from this industrial estate.

Interim Dividend

The directors of the Company have not recommended the payment of an interim dividend for the six months ended 30th September, 2003.

Disclosure of Directors' Interests in Shares and Share Options

As at 30th September, 2003, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities. Transactions by Directors of Listed Companies, to be notified to the Company and the SEHK were as follows:

LONG POSITIONS

(a) Ordinary shares of HK\$0.10 each of the Company

Name	Capacity	Number of ordinary shares	Percentage interest in the company's issued share capital
Mr. Ho Che Kong	Beneficial Owner	64,484,000	11.58%
Mr. Leung Wai Chuen	Beneficial Owner	33,628,000	6.04%
Mr. Simon N. Hsu	Interest of a controlled corporation (Note 1)	6,287,158	1.13%
Mr. Brian C. Beazer	Beneficial Owner	400,000	0.07%

Note 1. These shares were owned by Strategic Planning Assets Limited, a company in which Mr. Simon N. Hsu has a controlling interest.

(b) Non-voting deferred shares of HK\$100.00 each in a subsidiary

Pantene Industrial Co. Limited ("Pantene")

Name of Directors	Capacity	Number of non-voting deferred shares	Percentage to issued non-voting deferred shares of Pantene
Mr. Ho Che Kong	Beneficial owner	2,112	67%
Mr. Leung Wai Chuen	Beneficial owner	1,056	33%

(c) Share options

Name of directors	Capacity	Number of options held	Number of underlying shares
Mr. Simon N. Hsu	Beneficial owner	3,000,000	3,000,000
Mr. Brian C. Beazer	Beneficial owner	2,000,000	2,000,000
Mr. Kan Yuk Chuen	Beneficial owner	1,000,000	1,000,000
Mr. Oei Liang Chung, Lawrence Reginald	Beneficial owner	1,000,000	1,000,000
Mr. Wong Hei Pui, Andy	Beneficial owner	1,000,000	1,000,000
		8,000,000	8,000,000

Other than as disclosed above, and nominee shares in certain subsidiaries held in trust for the Group at 30th September, 2003, neither the directors nor chief executive, nor any of their associates, had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Substantial Shareholders

As at 30th September, 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

LONG POSITIONS

Ordinary shares of HK\$0.10 each of the Company

Name of shareholders	Nature of interest	Number of shares held	Approximate percentage of issued shares
Strategic Industries, LLC*	Interest in a Controlled corporation	130,000,800	23.34%
SILLC Asia, LLC	Beneficial owner	130,000,800	23.34%
Asian Corporate Finance Fund, L.P. **	Interest in a Controlled corporation	65,000,400	11.67%
Payawal Capital Limited	Beneficial owner	65,000,400	11.67%
Investor AB ***	Interest in a Controlled corporation	74,836,000	13.43%
Investor (Guernsey) II Ltd.	Beneficial owner	74,836,000	13.43%
General Electric Capital Corporation (NY)	Beneficial owner	38,573,698	6.93%

* These shares were held indirectly by Strategic Industries, LLC., through its beneficial interest of the entire issued capital of SILLC Asia, LLC.

** These shares were held indirectly by Asian Corporate Finance Fund, L.P., through its beneficial interest of the entire issued capital of Payawal Capital Limited.

*** These shares were held indirectly by Investor AB through its beneficial interest of the entire issued capital of Investor (Guernsey) II Ltd..

All interests disclosed above represent long positions in the shares of the Company.

Saved as disclosed above, as at 30th September, 2003, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

Directors' Rights to Acquire Shares or Debentures

Pursuant to the Company's employee share option scheme (the "SOS"), certain directors and employees had been granted options to subscribe for shares in the Company, the details of which had been duly reported in the Company's annual report for the year ended 31st March, 2003. These options have since lapsed and details of these lapsed options are as follows:

Name of directors	Date of grant	Exercise price HK\$	Outstanding at 1.4.2003	Number of option shares		Number of underlying shares
				Lapsed during the period	Outstanding at 30.9.2003	
Mr. Ho Che Kong	28.8.2000	0.62	2,000,000	(2,000,000)	—	—
Mr. Leung Wai Chuen	28.8.2000	0.62	2,000,000	(2,000,000)	—	—
Mr. Kan Yuk Chuen	28.8.2000	0.62	2,000,000	(2,000,000)	—	—
			6,000,000	(6,000,000)	—	—
Other employees	28.8.2000	0.62	3,000,000	(3,000,000)	—	—
			9,000,000	(9,000,000)	—	—

The number of options granted under the SOS during this period to directors of the Company, all of which are exercisable for a period of ten years and are subject to staggered vesting periods ranging from 6 to 24 months from the date of grant, and which remain outstanding but unvested as at 30th September, 2003 are as follows:

Name of directors	Date of grant	Exercise price HK\$	Number of option shares granted during the period and outstanding but unvested at 30.9.2003
Mr. Simon N. Hsu	23.7.2003	0.356	3,000,000
Mr. Brian C. Beazer	23.7.2003	0.356	2,000,000
Mr. Kan Yuk Chuen	23.7.2003	0.356	1,000,000
Mr. Oei Liang Chung, Lawrence Reginald	23.7.2003	0.356	1,000,000
Mr. Wong Hei Pui, Andy	23.7.2003	0.356	1,000,000
			8,000,000
			8,000,000

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other than as disclosed above, none of the directors, or their spouses and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

Convertible Securities, Options, Warrants or Similar Rights

Other than the outstanding but unvested share options as set out above, the Company had no other outstanding convertible securities, options, warrants or other similar rights as at 30th September, 2003 and there had been no exercise of convertible securities, options, warrants or similar rights during the period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30th September, 2003, the Company did not repurchase any of its own securities on the Stock Exchange.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

Corporate Governance

None of the directors of the Company 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 List of Securities on the Stock Exchange.