



# PREMIUM LAND LIMITED

INTERIM REPORT  
2003/2004

## INTERIM RESULTS

The board of directors (the “Board”) of Premium Land Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (together “the Group”) for the six month ended 30th September, 2003 together with comparative figures for the corresponding period in 2002.

### CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>Six months ended 30th September,</b>	
		<b>2003</b>	<b>2002</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	83,906	192,774
Cost of sales		(60,096)	(211,933)
		<hr/>	<hr/>
		23,810	(19,159)
Other operating income		863	210
Administrative expenses		(18,925)	(14,124)
Other operating expenses		(22,827)	(65,267)
		<hr/>	<hr/>
Loss from operations	4	(17,079)	(98,340)
Finance costs		(9,002)	(5,376)
Share of results of associates		(30)	18
		<hr/>	<hr/>
Loss before taxation		(26,111)	(103,698)
Taxation	5	(412)	–
		<hr/>	<hr/>
Loss before minority interests		(26,523)	(103,698)
Minority interests		584	(370)
		<hr/>	<hr/>
Loss for the period		<u>(25,939)</u>	<u>(104,068)</u>
Loss per share	6		
Basic		<u>(0.69) cents</u>	<u>(3.73) cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

# CONDENSED CONSOLIDATED BALANCE SHEET

		30th September, 2003 (unaudited)	31st March, 2003 (audited) (restated)
	NOTES	HK\$'000	HK\$'000
Non-current assets			
Investment properties	7	74,186	74,186
Property, plant and equipment	7	238,517	240,372
Goodwill	8	25,103	47,930
Interests in associates		71,944	25,373
Investments in securities		79,515	79,892
		<u>489,265</u>	<u>467,753</u>
Current assets			
Inventories		13,783	21,641
Trade and other receivables and prepayments	9	106,747	131,355
Investments in securities		140,689	97,049
Taxation recoverable		389	–
Pledged bank deposit		6,033	6,028
Bank balances and cash		79,732	87,956
		<u>347,373</u>	<u>344,029</u>
Current liabilities			
Trade and other payables	10	45,270	36,347
Amount due to a minority shareholder		17,396	17,476
Taxation Payable		–	2,868
Bank and other borrowings		279,880	271,682
		<u>342,546</u>	<u>328,373</u>
Net current assets		<u>4,827</u>	<u>15,656</u>
Total assets less current liabilities		<u>494,092</u>	<u>483,409</u>
Non-current liabilities			
Bank and other borrowings		64,351	27,145
Deferred taxation	11	30,775	30,775
		<u>95,126</u>	<u>57,920</u>
		<u>398,966</u>	<u>425,489</u>
Minority interests		<u>103,708</u>	<u>104,292</u>
Net assets		<u>295,258</u>	<u>321,197</u>
Capital and reserves			
Share capital	12	37,714	37,714
Reserves		257,544	283,483
		<u>295,258</u>	<u>321,197</u>
Shareholders' funds		<u>295,258</u>	<u>321,197</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital redemption reserve	Investment property revaluation reserve	Special reserve	Contributed surplus	Warrant reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2002	22,496	106,252	13,878	24,877	78,176	658,247	–	(680,078)	223,848
Issue of shares	9,896	178,145	–	–	–	–	–	–	188,041
Issue of warrants	–	–	–	–	–	–	26,719	–	26,719
Loss for the period	–	–	–	–	–	–	–	(104,134)	(104,134)
At 30th September, 2002	32,392	284,397	13,878	24,877	78,176	658,247	26,719	(784,212)	334,474
Deficit arising on revaluation of an investment property not recognized in the income statement	–	–	–	(22,281)	–	–	–	–	(22,281)
Share of reserve movement of an associate	–	–	–	(1,575)	–	–	–	–	(1,575)
Issue of shares	5,322	121,587	–	–	–	–	–	–	126,909
Loss for the period	–	–	–	–	–	–	–	(116,330)	(116,330)
At 31st March, 2003	37,714	405,984	13,878	1,021	78,176	658,247	26,719	(900,542)	321,197
Loss for the period	–	–	–	–	–	–	–	(25,939)	(25,939)
At 30th September, 2003	37,714	405,984	13,878	1,021	78,176	658,247	26,719	(926,481)	295,258

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30th September,	
	2003 (unaudited) HK\$'000	2002 (unaudited) HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	(4,591)	(60,257)
NET CASH USED IN INVESTING ACTIVITIES	(48,957)	(125,377)
NET CASH FROM FINANCING ACTIVITIES	45,324	241,479
(DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS	(8,224)	55,845
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	87,956	47,698
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	79,732	103,543
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	79,732	103,543

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 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 (the “Stock Exchange”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and certain investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s financial statements for the year ended 31st March, 2003, except that in the current period, the Group has adopted for the first time, the Statement of Standard Accounting Practice No. 12 (Revised) “Income taxes” (“SSAP 12 (Revised)”) issued by the HKSA. The major effects of adopting this revised SSAP is summarized as follows:

#### **Income Taxes**

In the current interim period, the Group has adopted SSAP 12 (Revised) Income Taxes. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxation profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative figures have been restated accordingly. As a result of this change in policy, the balance on the Group’s goodwill at 1st April, 2003 has been increased by HK\$12,556,000 and the balance on the Group’s minority interest has been decreased by HK\$18,219,000, representing the deferred tax liabilities recognised in respect of the revaluation surplus on the property, plant and equipment of a subsidiary on the acquisition date. The adoption of SSAP 12 (Revised) has had no significant effect on the results for the current or prior accounting period.

### 3. SEGMENT INFORMATION

	Turnover		Segment results	
	Six months ended		Six months ended	
	30th September, 2003	2002	30th September, 2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Business segment</b>				
Securities trading and investment	47,986	171,794	14,015	(26,234)
Property development and sales	15,870	—	(57)	—
Trading of building materials and renovations services	10,658	18,737	194	4,832
Operation of toll highway	7,384	—	1,380	—
Property rental	2,008	2,243	1,917	2,243
	<u>83,906</u>	<u>192,774</u>	<u>17,449</u>	<u>(19,159)</u>
Other operating income			863	210
Unallocated corporate expenses			<u>(35,391)</u>	<u>(79,391)</u>
Loss from operations			<u>(17,079)</u>	<u>(98,340)</u>
<b>Geographical segment</b>				
Hong Kong and the PRC	<u>83,906</u>	<u>192,774</u>	<u>(17,079)</u>	<u>(98,340)</u>

### 4. LOSS FROM OPERATIONS

The loss from operations has been arrived at after charging (crediting):

	Six months ended	
	30th September,	
	2003	2002
	HK\$'000	HK\$'000
Amortisation of intangible asset	6,163	865
Depreciation of property, plant and equipment	3,957	469
Impairment loss on goodwill arising on acquisition of a subsidiary	16,664	—
Loss on disposal of property, plant and equipment	222	—
Unrealised holding (gain) loss on investment securities	(12,313)	64,402
Interest income	<u>(7)</u>	<u>(144)</u>

### 5. TAXATION

The charge for the six months ended 30th September, 2003 represented the Group's share of Hong Kong Profits Tax of an associate.

No provision for Hong Kong Profits Tax has been made in the financial statements as the companies comprising the Group incurred tax losses for the six months periods ended 30th September, 2002 and 30th September, 2003 respectively.

Pursuant to relevant laws and regulations in the People's Republic of China (the "PRC"), other than Hong Kong, one of the Group's PRC subsidiaries is entitled to an exemption from PRC income tax for the two years starting from their first profit making year, followed by a 50% tax reduction for the next three years. No provision for PRC income tax has been made for the year as the Group's PRC subsidiaries were still within the PRC income tax exemption period during the year or they have not had any assessable profit.

Details of the recognised and unrecognised deferred taxation for the periods are set out in note 11.

## 6. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the six months ended 30th September, 2003 of HK\$25,939,000 (six months ended 30th September, 2002: HK\$104,068,000) and on the weighted average number of 3,771,445,970 shares (30th September, 2002: 2,786,905,314 shares) in issue during the period.

No diluted loss per share has been presented because the exercise of the Company's outstanding share options would reduce the loss per share for both periods.

## 7. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The directors consider that the values of the Group's investment properties as at 30th September, 2003 would not differ materially from the professional valuation made as at 31st March, 2003 and, accordingly, no revaluation surplus or deficit has been recognized in the current period.

## 8. GOODWILL

HK\$'000

Cost

At 1st April, 2003 and at 30th September, 2003

– as previously reported 70,611

– adjustment on adoption of SSAP 12 (Revised) 12,556

– as restated 83,167

AMORTISATION AND IMPAIRMENT

At 1st April, 2003 35,237

Charge for the period 6,163

Impairment loss recognized in the period 16,664

At 30th September, 2003 58,064

NET BOOK VALUES

At 30th September, 2003 25,103

At 31st March, 2003 (as restated) 47,930

During the year ended 31st March, 2003, Shanghai Hualong Construction Stock Co., Ltd. ("Shanghai Hualong Construction") was acquired and is engaged in the business of property development and sales in the PRC. Shanghai Hualong Construction has suffered loss since acquisition. The directors are of the opinion that the financial performance of Shanghai Hualong Construction has not performed up to expectation that the respective net carrying amount of the goodwill amounting to approximately HK\$16,664,000 has been impaired and should not be carried forward in the financial statements. Accordingly, the amount has been recognized as an impairment loss and charged to the consolidated income statement in the current period.

The amortisation period adopted for goodwill ranged from 3 to 10 years.



## 9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group allows a credit period normally ranging from 60 days to 90 days to its customers. The following is an aged analysis:

	<b>THE GROUP</b>	
	<b>30th September, 2003</b>	<b>31st March, 2003</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables		
0 to 30 days	3,725	4,988
31 to 90 days	2,011	3,462
More than 90 days	8,195	10,200
	<hr/>	<hr/>
	13,931	18,650
Amounts due from customers for contract work ( <i>note a</i> )	573	916
Amounts due from affiliates of a minority shareholder ( <i>note b</i> )	27,822	51,614
Receivable in respect of the investment refund ( <i>note c</i> )	–	30,000
Retention receivable	628	1,066
Other receivables and prepayments	63,793	29,109
	<hr/>	<hr/>
	106,747	131,355
	<hr/>	<hr/>

*Notes:*

	<b>THE GROUP</b>	
	<b>30th September, 2003</b>	<b>31st March, 2003</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Amounts due from (to) customers for contract works		
Contract costs incurred plus recognized profits less		
recognized losses	573	3,315
Less: Progress billings	(–)	(2,435)
	<hr/>	<hr/>
	573	880
Represented by:		
Due from customers included in current assets	573	916
Due to customers included in current liabilities ( <i>note 10</i> )	–	(36)
	<hr/>	<hr/>
	573	880
	<hr/>	<hr/>
(b) The balance includes an amount of approximately HK\$27,822,000 (31st March, 2003: HK\$27,844,000) which is unsecured, interest bearing at 3% per annum and repayable on or before 29th March, 2004. The remaining balances are unsecured, interest free and repayable on demand.		
(c) The receivable at 31st March, 2003 represented the refund of the payment for an investment in security which was cancelled in accordance with a cancellation agreement. The amount was fully settled in the current period.		

## 10. TRADE AND OTHER PAYABLES

	<b>THE GROUP</b>	
	<b>30th September, 2003</b>	<b>31st March, 2003</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
0 to 30 days	1,026	761
31 to 90 days	925	169
More than 90 days	2,863	1,519
	<hr/>	<hr/>
	4,814	2,449
Amounts due to customers for contract work ( <i>note 9</i> )	–	36
Retention payables	482	479
Other payables and accruals	39,974	33,383
	<hr/>	<hr/>
	45,270	36,347
	<hr/>	<hr/>

## 11. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods:

	<b>Accelerated tax depreciation</b>	<b>Revaluation of property, plant and equipment</b>	<b>Revaluation of investment Properties</b>	<b>Tax loss</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st April, 2002 and 30th September, 2002					
– as previously reported	–	–	–	–	–
– adjustment on adoption of SSAP12 (Revised)	126	–	1,112	(1,238)	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
– as restated	126	–	1,112	(1,238)	–
– charge to income statement for the period	169	–	278	(447)	–
– acquisition	–	30,775	–	–	30,775
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March, 2003 and at 30th September, 2003	295	30,775	1,390	(1,685)	30,775
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset in accordance with the conditions set out in SSAP 12 (Revised). The following is the analysis of the deferred tax balances for financial reporting purposes:

	<b>30th September, 2003</b> <i>HK\$'000</i>	<b>31st March, 2003</b> <i>HK\$'000</i>
Deferred tax liabilities	32,460	32,460
Deferred tax assets	(1,685)	(1,685)
	<u>30,775</u>	<u>30,775</u>

At 30th September, 2003, the Group has unused tax losses of HK\$49,021,000 (31st March, 2003: HK\$49,021,000 available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$1,685,000 (31st March, 2003: HK\$1,685,000 of such losses). No deferred tax asset has been recognised in respect of the remaining HK\$47,336,000 (31st March, 2003: HK\$47,336,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses that may be carried forward indefinitely.

Temporary differences arising in connection with interests in associates are insignificant.

## 12. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amounts</b> <i>HK\$'000</i>
AUTHORISED		
Ordinary shares of HK\$0.01 each at 1st April, 2003 and at 30th September, 2003	<u>15,000,000,000</u>	<u>150,000</u>
ISSUED AND FULLY PAID		
Ordinary share of HK\$0.01 each at 1st April, 2003 and at 30th September, 2003	<u>3,771,445,970</u>	<u>37,714</u>

## 13. POST BALANCE SHEET EVENTS

The following events occurred subsequent to the balance sheet date:

- (a) In October 2003, the Group entered into a disposal agreement with an independent third party to dispose its entire interest in Glad & Nice Limited at a total consideration of HK\$94 million. Glad & Nice Limited is a company incorporated in Hong Kong and is engaged in property investment. Detail of the transaction is set out in a circular of the Company dated 17th November, 2003.
- (b) In December 2003, the Group entered into an agreement with an independent third party to acquire its entire interests in Rich Linker Limited at a total consideration of HK\$53 million. Rich Linker Limited is a company incorporated in Hong Kong and its sole asset is a property situated in Beijing, the PRC.

## INTERIM DIVIDEND

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

## BUSINESS REVIEWS AND PROSPECTS

The Group's principal activities include securities trading and investments, property investments, development and property related services, trading of building materials, provision of renovation services and operation of toll highway.

For the six months ended 30th September, 2003, the Group recorded a consolidated turnover of approximately HK\$83,906,000, representing a decrease of 56.5% from approximately HK\$192,774,000 for the corresponding period in the last year. The decrease was largely attributable to the decrease in securities trading and investments from HK\$171,794,000 in last year's corresponding period to HK\$47,986,000 for the period under review. The loss attributable to shareholders amounted to HK\$25,939,000 for the six months ended 30th September, 2003 compared to approximately HK\$104,068,000 for the corresponding period in the previous year.

The property markets in both Hong Kong and the PRC were under severe pressure in the first half of 2003 due to weak economy, outbreak of severe acute respiratory syndrome ("SARS") and Iraq War. The sales of the developed properties in Shanghai started generating revenues to the Group; however the results are behind the budget. Keen competition in the building materials industry in Hong Kong renders the operating environment difficult which in turn adversely affected the prices of building materials and the renovation services.

The post-SARS economic recovery is taking place securely during the second half of 2003. The sudden disruption to business accentuated some imbalances in the economy that hinder growth. However for the past few months, there have been significant improvements in both the economic and financial conditions though structural issues are still to be addressed.

It is the intention of the Group to continue to look for investments with reasonable return by acquiring quality properties in Hong Kong or in the PRC for development or for long term investment.

## **MATERIAL ACQUISITION AND DISPOSAL**

### **Disposal of Glad and Nice**

As disclosed in the announcement and circular dated 28th October, 2003 and 17th November, 2003 respectively, Huey Tai Holdings Limited, a wholly-owned subsidiary of the Company entered into an agreement to dispose of its wholly owned subsidiary, Glad and Nice Limited ("G&N") to an independent third party, at a consideration of HK\$94,000,000. The sole asset of G&N is a site with a registered site area of 11,418 sq.ft. on which a 3-storey detached house was constructed with a gross floor area of approximately 11,041 sq.ft. Completion of the disposal has taken place on 31st October, 2003 and the consideration received from the disposal has been applied for reduction of the borrowings of the Group.

### **Acquisition of Rich Linker**

As disclosed in the Company's announcement dated 18th December, 2003, Rich Lion Limited, a wholly-owned subsidiary of the Company entered into an agreement on 17th December, 2003 to acquire for 100% attributable interests in Rich Linker Limited ("Rich Linker") that owns a property in Beijing which is of a total gross floor area of approximately 5,419.07 square meters. The Board considers that such acquisition will give the Group the opportunity to better develop its business in the PRC property market and broaden the Group's presence in the PRC and that the acquisition will contribute positively to the future growth of the Group. Rich Linker will be an indirect wholly owned subsidiary of the Company after completion.

## LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group's financial resources were mainly from cash income generated by its business operations as well as bank and other borrowings. The bank balances and cash as at 30th September, 2003 stood at HK\$85,765,000 and total borrowings of the Group amounted to HK\$344,231,000, of which HK\$64,351,000 were not repayable within one year. The gearing ratio, with total borrowings over total tangible assets, at 30th September, 2003 was about 42.4%.

## CONTINGENT LIABILITIES

As at 30th September, 2003, certain of the Group's assets with an aggregate value of approximately HK\$204,518,000 were pledged to secure credit and margin facilities granted by banks and brokers.

## EXCHANGE EXPOSURE

Due to the fact that the Group's transactions are denominated in Hong Kong dollars and Renminbi and the related exchange rates are considered relative stable, and accordingly, the exposure to fluctuations in exchange rate is minimal.

## EMPLOYEES

As at 30th September, 2003, the total number of employees of the Group was approximately 210, inclusive of its operations in the PRC and Hong Kong. The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries and sales commission, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee. Share options may be granted as recognition of their contribution and incentive to motivate them.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SECURITIES

At 30th September, 2003, the interests and short positions of the directors and the chief executives and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

### (I) Ordinary shares of HK\$0.01 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Dong Bo, Frederic ( <i>Note</i> )	Held by controlled corporation	<u>1,030,468,350</u>	<u>27.32%</u>

## (II) Share options

Name of director	Capacity	Number of share options held	Number of underlying shares
Dong Bo, Frederic	Beneficial owner	16,778,000	16,778,000
Lau Man Tak	Beneficial owner	26,990,000	26,990,000
		<u>43,768,000</u>	<u>43,768,000</u>

*Note:* United Jumbo Limited (“United Jumbo”) holds the 1,030,468,350 shares of the Company and is beneficially wholly-owned by Dong Bo, Frederic.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital and underlying shares of the Company or any associated corporation as at 30th September, 2003.

### SHARE OPTIONS

The Company adopted a share option scheme on 24th April, 2002 (the “2002 scheme”) with expiry date on 23rd April, 2012, for the primary purpose of providing incentives to directors, eligible employees and consultants. Under the 2002 scheme, the Company may grant options to eligible employees, including directors of the Company and its subsidiaries and consultants to subscribe for shares in the Company.

The following table discloses details of options outstanding under the Company’s share option scheme and movements during the period:

	Date of grant	Exercise price HK\$	Outstanding at beginning of the period and at end of period
<i>Category 1: Directors</i>			
Dong Bo, Frederic	2.5.2002	0.298	16,778,000
Lau Man Tak	2.5.2002	0.298	26,990,000
			<u>43,768,000</u>
<i>Category 2: Employee and consultants</i>			
	2.5.2002	0.298	226,162,000
	19.9.2002	0.225	259,120,000
	9.12.2002	0.202	64,780,000
			<u>550,062,000</u>
			<u>593,830,000</u>

*Notes:*

- (1) The closing prices of the Company’s share immediately before 2nd May, 2002, 19th September, 2002 and 9th December, 2002, the date of grant of the options, were HK\$0.290, HK\$0.220 and HK\$0.201, respectively.
- (2) No share options were granted, exercised, cancelled or lapsed during the six months ended 30th September, 2003.

## **DIRECTORS RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Save as disclosed under the section headed “DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITION IN SECURITIES”, at no time during the year was the Company or any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangements to enable the directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or chief executives, nor any of their spouses or children under the age of 18, had any rights to subscribe the securities of the Company, or had exercised any such rights during the year.

## **SUBSTANTIAL SHAREHOLDERS**

As at 30th September, 2003 the register of substantial shareholders maintained by the Company pursuant to section 336 of the Securities and Future Ordinance show that, the following shareholders had notified the Company of relevant interest in the issued share capital of the Company.

<b>Shareholders</b>	<b>Number of ordinary shares held</b>	<b>Percentage of the issued share capital of the company</b>
United Jumbo	1,030,468,350	27.32%
Dong Bo, Frederic	1,030,468,350	27.32%

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

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

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

## **CODE OF BEST PRACTICE**

None of the Directors is aware of any information that would reasonably indicate that the Company was not in compliance with the Code of Best Practice as set out in the Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited at any time during the six months period ended 30th September, 2003.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with directors the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters in relation to the preparation of the unaudited condensed financial statements for the six months ended 30th September, 2003.

By the Order of the Board  
**Dong Bo, Frederic**  
*Chairman*

Hong Kong, 24th December, 2003