



SKYWORTH DIGITAL HOLDINGS LIMITED

創維數碼控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

**Interim Report
2003**

SKYWORTH

The board of directors of Skyworth Digital Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2003. The interim report for the six months ended 30 September 2003 has been reviewed by the Company's audit committee and the auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	Notes	Six months ended 30 September	
		2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)
Turnover	4	3,643,783	2,951,057
Cost of sales		(3,106,825)	(2,536,002)
Gross profit		536,958	415,055
Other operating income		31,814	17,107
Selling and distribution expenses		(380,430)	(310,314)
General and administrative expenses		(93,605)	(92,209)
Amortisation of goodwill		(163)	–
Release of negative goodwill		–	4,044
Profit from operations		94,574	33,683
Finance costs		(184)	(2,510)
Gain on disposal of interest in a subsidiary		–	367
Share of results of an associate		–	(151)
Share of results of jointly controlled entities		(6,905)	(594)
Profit before taxation	5	87,485	30,795
Taxation	6	(6,419)	(8,476)
Profit after taxation		81,066	22,319
Minority interests		(179)	9
Net profit for the period		80,887	22,328
Interim dividend	7	43,810	10,670
Earnings per share	8		
– Basic (HK cents)		3.78	1.07
– Diluted (HK cents)		3.67	0.80

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2003

	Notes	At 30 September 2003 HK\$'000 (Unaudited)	At 31 March 2003 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	461,675	370,620
Investment properties		124,955	124,955
Goodwill		1,539	–
Interests in associates		9,914	9,914
Interests in jointly controlled entities		35,576	36,177
Investments in securities	10	18,542	20,261
		<u>652,201</u>	<u>561,927</u>
Current assets			
Inventories	11	1,934,545	1,204,831
Trade and other receivables	12	670,064	664,947
Bills receivable	13	1,470,288	1,583,509
Investments in securities	10	55,375	57,471
Bank balances and cash		499,679	713,789
		<u>4,629,951</u>	<u>4,224,547</u>
Current liabilities			
Trade and other payables	14	2,632,130	2,101,320
Bills payable	15	51,496	17,207
Amount due to an associate		12,020	12,020
Amount due to a jointly controlled entity		936	–
Amount due to a minority shareholder		19,990	–
Taxation		258,043	327,397
Secured bank borrowings		1,360	1,284
		<u>2,975,975</u>	<u>2,459,228</u>
Net current assets		<u>1,653,976</u>	<u>1,765,319</u>
Total assets less current liabilities		<u>2,306,177</u>	<u>2,327,246</u>
Non-current liability			
Secured bank borrowings		4,978	5,687
Deferred taxation		<u>2,789</u>	<u>2,550</u>
Minority interests		<u>755</u>	<u>8,219</u>
Net assets		<u>2,297,655</u>	<u>2,310,790</u>

		At 30 September 2003 HK\$'000 (Unaudited)	At 31 March 2003 HK\$'000 (Audited)
Capital and reserves			
Share capital	16	214,722	213,884
Share premium		1,061,109	1,058,913
Investment property revaluation reserve		750	750
Surplus account		102,008	102,008
Capital reserve		30,218	30,218
Exchange reserve		2,070	2,513
Accumulated profits		886,778	902,504
		<u>2,297,655</u>	<u>2,310,790</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	Share capital <i>HK\$'000</i> (Unaudited)	Share premium <i>HK\$'000</i> (Unaudited)	Investment property revaluation reserve <i>HK\$'000</i> (Unaudited)	Surplus account <i>HK\$'000</i> (Unaudited)	Capital reserve <i>HK\$'000</i> (Unaudited)	Exchange reserve <i>HK\$'000</i> (Unaudited)	Accumulated profits <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
THE GROUP								
Balance at 1 April 2002	207,760	1,044,231	-	102,008	30,657	3,864	763,533	2,152,053
Issue of shares	1,196	2,802	-	-	-	-	-	3,998
Exchange differences on translation of financial statements of overseas operations not recognised in income statement	-	-	-	-	-	(65)	-	(65)
Profit for the period	-	-	-	-	-	-	22,328	22,328
Dividend	-	-	-	-	-	-	(62,687)	(62,687)
Balance at 30 September 2002	<u>208,956</u>	<u>1,047,033</u>	<u>-</u>	<u>102,008</u>	<u>30,657</u>	<u>3,799</u>	<u>723,174</u>	<u>2,115,627</u>
Balance 1 April 2003	213,884	1,058,913	750	102,008	30,218	2,513	902,504	2,310,790
Issue of shares	838	2,196	-	-	-	-	-	3,034
Exchange differences on translation of financial statements of overseas operations not recognised in income statement	-	-	-	-	-	(443)	-	(443)
Profit for the period	-	-	-	-	-	-	80,887	80,887
Dividend	-	-	-	-	-	-	(96,613)	(96,613)
Balance at 30 September 2003	<u>214,722</u>	<u>1,061,109</u>	<u>750</u>	<u>102,008</u>	<u>30,218</u>	<u>2,070</u>	<u>886,778</u>	<u>2,297,655</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	Six months ended	
	30 September	
	2003	2002
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(3,220)	(585,784)
Net cash (used in) from investing activities	(116,051)	6,013
Net cash used in financing activities	(94,396)	(66,844)
Net decrease in cash and cash equivalents	(213,667)	(646,615)
Effect of foreign exchange rate changes	(443)	–
Cash and cash equivalents at beginning of the period	713,789	1,138,319
Cash and cash equivalents at end of the period	499,679	491,704
Being:		
Bank balances and cash	499,679	491,704

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability and its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. Its subsidiaries are principally engaged in manufacture and sale of consumer electronic products.

2. BASIS OF PREPARATION

The 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 and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted for the preparation of the interim financial report are consistent with those adopted by the Group in the preparation of the annual financial statements for the year ended 31 March 2003, except as described below.

In the current interim period, the Group has adopted, for the first time, SSAP 12 (Revised) "Income taxes" issued by the Hong Kong Society of Accountants. 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 under which a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the condensed financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. The adoption of SSAP 12 (Revised) has not affected the results for the current or prior accounting periods.

4. TURNOVER AND SEGMENT INFORMATION

Business segments

The Group is principally engaged in the design, manufacture and sales of colour televisions and audio visual products. No business segment analysis is presented as management considers this as one single business segment.

Geographical segments

The Group's operations and assets are located in Hong Kong and elsewhere in the People's Republic of China ("PRC"). These geographical locations are the basis on which the Group reports its primary segment information.

Segment information of the Group by geographical location of customers is presented as below:

Six months ended 30 September 2003

Income statement

	PRC HK\$'000 (Unaudited)	Other regions HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Revenue			
External sales	<u>2,947,609</u>	<u>696,174</u>	<u>3,643,783</u>
Result			
Segment result	<u>84,231</u>	<u>10,471</u>	<u>94,702</u>
Interest income			<u>4,393</u>
Unallocated corporate expenses			<u>(4,521)</u>
Profit from operations			<u>94,574</u>
Finance costs			<u>(184)</u>
Share of results of jointly controlled entities			<u>(6,905)</u>
Profit before taxation			<u>87,485</u>
Taxation			<u>(6,419)</u>
Profit after taxation			<u>81,066</u>

Six months ended 30 September 2002

Income statement

	PRC HK\$'000 (Unaudited)	Other regions HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Revenue			
External sales	<u>2,161,869</u>	<u>789,188</u>	<u>2,951,057</u>
Result			
Segment result	<u>26,506</u>	<u>19,937</u>	46,443
Interest income			12,130
Unallocated corporate expenses			<u>(24,890)</u>
Profit from operations			33,683
Finance costs			<u>(2,510)</u>
Gain on disposal of interest in a subsidiary			367
Share of results of an associate			<u>(151)</u>
Share of results of a jointly controlled entity			<u>(594)</u>
Profit before taxation			30,795
Taxation			<u>(8,476)</u>
Profit after taxation			<u>22,319</u>

5. PROFIT AFTER TAXATION

	Six months ended	
	30 September	
	2003	2002
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit after taxation has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment	38,164	37,782
Interest on bank borrowings		
– wholly repayable within five years	184	2,250
– not wholly repayable within five years	–	260
Loss on disposals of property, plant and equipment	3,643	1,201
Allowance for doubtful debts	6,335	1,844
Allowance for slow-moving inventories	–	2,954
and after crediting:		
Interest income	4,393	12,130
Gain on disposal of investments in securities	741	–
Unrealised gains on investments in securities	5,701	–
Write back of allowance for slow-moving inventories	24,104	–

Bank charges of HK\$3,319,000 and net foreign exchange losses of HK\$1,611,000 in prior period were reclassified from finance costs to general and administrative expenses to conform with the current period's presentation.

6. TAXATION

	Six months ended 30 September	
	2003	2002
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	2,425	3,739
PRC income tax	129	4,737
Other PRC taxes	3,626	–
	6,180	8,476
Deferred tax attributable to change in tax rate in Hong Kong	239	–
	6,419	8,476

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profits for six months ended 30 September 2003.

PRC income tax is calculated at the rates prevailing in the area that the Group operates.

Other PRC taxes are calculated at the applicable rates of tax prevailing in the areas in which the Group operates, based on existing legislation, interpretations and practices in respect thereof, on the intra-group technical and other services related fees charged to a subsidiary of the Group registered in the PRC.

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

7. DIVIDEND

The Board of Directors declares an interim dividend for the six months ended 30 September 2003 of HK2 cents per ordinary share with an option to receive the dividend in the form of new shares (2002: HK0.5 cent), totalling approximately HK\$43,810,000 (2002: HK\$10,670,000) to shareholders whose names appear on the register of members of the Company at the close of business on 13 January 2004.

During the six months ended 30 September 2003, HK\$0.045 (2002: HK\$0.03) per share was paid to the shareholders of the Company as the final dividend for the year ended 31 March 2003.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended	
	30 September	
	2003	2002
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net profit for the purposes of basic earnings per share:		
Net profit for the period	80,887	22,328
Effect of dilutive potential ordinary shares:		
Adjustment to the earnings of subsidiaries in respect of the effect of its dilutive potential ordinary shares	—	(5,048)
Net profit for the purposes of diluted earnings per share	80,887	17,280
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,141,867,825	2,084,029,202
Effect of dilutive potential ordinary shares:		
Share options	64,605,862	83,477,519
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,206,473,687	2,167,506,721

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK\$56,586,000 for the acquisition of a piece of land situated in the PRC for the construction of a factory and spent approximately HK\$79,623,000 on the acquisition of other property, plant and equipment for business operation and expansion.

In addition, the Group transferred certain land and buildings with net book value of approximately HK\$3,347,000 to a jointly controlled entity at no consideration upon restructuring of the Group's production operations as disclosed in note 21.

10. INVESTMENTS IN SECURITIES

	Trading securities		Other investments		Total	
	At 30 September 2003 HK\$'000 (Unaudited)	At 31 March 2003 HK\$'000	At 30 September 2003 HK\$'000 (Unaudited)	At 31 March 2003 HK\$'000	At 30 September 2003 HK\$'000 (Unaudited)	At 31 March 2003 HK\$'000
THE GROUP						
Listed equity securities in Hong Kong	13,536	10,304	-	-	13,536	10,304
Debt securities						
- listed	23,320	31,120	-	-	23,320	31,120
- unlisted	3,986	3,882	-	-	3,986	3,882
Unlisted equity securities in overseas	14,533	12,165	-	-	14,533	12,165
Unlisted equity securities in the PRC	-	-	18,542	20,261	18,542	20,261
	<u>55,375</u>	<u>57,471</u>	<u>18,542</u>	<u>20,261</u>	<u>73,917</u>	<u>77,732</u>
Market value of listed securities	<u>36,856</u>	<u>41,424</u>	<u>-</u>	<u>-</u>	<u>36,856</u>	<u>41,424</u>
Carrying amount analysed for reporting purposes						
Non-current	-	-	18,542	20,261	18,542	20,261
Current	<u>55,375</u>	<u>57,471</u>	<u>-</u>	<u>-</u>	<u>55,375</u>	<u>57,471</u>
	<u>55,375</u>	<u>57,471</u>	<u>18,542</u>	<u>20,261</u>	<u>73,917</u>	<u>77,732</u>

11. INVENTORIES

	At 30 September 2003 HK\$'000 (Unaudited)	At 31 March 2003 HK\$'000
Raw materials	673,621	411,992
Work in progress	196,076	96,113
Finished goods	1,064,848	696,726
	<u>1,934,545</u>	<u>1,204,831</u>

Included above are raw materials of HK\$36,134,000 (31 March 2003: HK\$112,949,000) and finished goods of HK\$125,821,000 (31 March 2003: HK\$337,503,000) which are carried at net realisable value.

12. TRADE AND OTHER RECEIVABLES

Sales to wholesalers and retailers other than department stores in the PRC are generally made on payment on delivery or against bills issued by banks with maturity dates from 30 to 180 days. Sales to department stores in the PRC are made on a consignment basis which is normally settled within one to two months after sales. Certain district sales managers in the PRC are authorised to make credit sales for payment at 30 to 60 days of up to a limited amount which is determined on the basis of the sales volume of the relevant office.

Export sales of the Group are mainly settled by letters of credit with credit term ranging from 30 to 60 days.

The following is an aged analysis of trade receivables at the balance sheet date:

	At 30 September 2003 HK\$'000 (Unaudited)	At 31 March 2003 HK\$'000
Within 30 days	168,043	130,368
31 to 60 days	20,681	36,934
61 to 90 days	12,714	13,168
91 days or over	63,270	9,654
	<hr/>	<hr/>
Trade receivables	264,708	190,124
Tax reserve certificates	-	63,310
Amounts due from the Indemnifiers	-	46,634
Deposits, prepayments and other receivables	405,356	364,879
	<hr/>	<hr/>
	670,064	664,947
	<hr/>	<hr/>

13. BILLS RECEIVABLE

The following is an aged analysis of bills receivable at the balance sheet date:

	At 30 September 2003 HK\$'000 (Unaudited)	At 31 March 2003 HK\$'000
Within 30 days	118,373	117,123
31 to 60 days	30,640	309,654
61 to 90 days	27,680	411,728
91 days or over	744,243	283,667
Bills endorsed to suppliers	549,352	461,337
	<hr/>	<hr/>
	1,470,288	1,583,509
	<hr/>	<hr/>

14. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	At 30 September 2003 HK\$'000 (Unaudited)	At 31 March 2003 HK\$'000
Within 30 days	856,468	333,797
31 to 60 days	102,785	146,312
61 to 90 days	47,698	151,085
91 days or over	72,115	141,373
Trade payable under endorsed bills	549,351	461,337
	<hr/>	<hr/>
Trade payables	1,628,417	1,233,904
Deposits in advance, accruals and other payables	1,003,713	867,416
	<hr/>	<hr/>
	2,632,130	2,101,320
	<hr/>	<hr/>

15. BILLS PAYABLE

The following is an aged analysis of bills payable at the balance sheet date:

	At 30 September 2003 HK\$'000 (Unaudited)	At 31 March 2003 HK\$'000
Within 30 days	38,933	16,339
31 to 60 days	10,596	–
61 to 90 days	–	868
91 days or over	1,967	–
	<hr/>	<hr/>
	51,496	17,207
	<hr/>	<hr/>

16. SHARE CAPITAL

	At 30 September 2003	
	Number of shares	Value HK\$'000 (Unaudited)
Ordinary shares of HK\$0.1 each		
<i>Authorised</i>		
At 1 April 2003 and 30 September 2003	<u>10,000,000,000</u>	<u>1,000,000</u>
<i>Issued and fully paid</i>		
At 1 April 2003	2,138,836,000	213,884
Exercise of share options	8,380,000	838
	<hr/>	<hr/>
At 30 September 2003	<u>2,147,216,000</u>	<u>214,722</u>
	<hr/>	<hr/>

17. PLEDGE OF ASSETS

At 30 September 2003, the Group's land and buildings with an aggregate net book value of approximately HK\$19,605,000 (31 March 2003: HK\$19,724,000) were pledged to banks to secure the bank facilities granted to the Group.

18. CAPITAL COMMITMENTS

At 30 September 2003, the Group had the following capital commitments:

	At 30 September 2003 HK\$'000 (Unaudited)	At 31 March 2003 HK\$'000
Commitments contracted for but not provided, in respect of:		
Purchase of other property, plant and equipment	34,985	63,268
Investment in unlisted equity securities in the PRC	5,460	5,460
	40,445	68,728

In addition to the above, the Group's share of the capital commitments of its jointly controlled entity in respect of the purchase of property, plant and equipment contracted but not provided for in its financial statements as at 30 September 2003 amounting to HK\$6,680,000 (31 March 2003: HK\$5,160,000).

19. CONTINGENT LIABILITIES

- (a) On 5 August 2003, the Group received a writ of summons issued by Digital Theater Systems, Inc. ("DTS") from the High Court of Hong Kong against two wholly-owned subsidiaries of the Group, in respect of the alleged claims in connection with the use of certain logos and technology of DTS by the two wholly-owned subsidiaries of the Group. In the opinion of the directors, the Group has adequately accrued for the liabilities in relation to the above claims in the financial statements.
- (b) At 30 September 2003, the Company had executed certain corporate guarantees to banks in respect of credit facilities granted to a subsidiary to the extent of HK\$159,000,000 (31 March 2003: HK\$159,000,000).

20. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

On 15 May 2003, the Group acquired an additional 19.5% interest in the registered capital of a subsidiary, Skyworth Chuangwei – RGB Electronics Co. Limited ("Skyworth-RGB"), from the minority shareholder for a cash consideration of HK\$9,346,000. This transaction has been accounted for using the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition was HK\$1,702,000.

During the six months ended 30 September 2002, the Group acquired additional 33.33% interest in Skyworth Computer & Network Company Limited, a subsidiary of the Company, from Taos Technology Limited, the minority shareholder of that subsidiary, at a consideration of HK\$1 agreed by both parties. The amount of negative goodwill arising as a result of the acquisition was HK\$4,044,000.

21. TRANSFER OF BUSINESS

During the period, the Group conducted a review of its production operations in the PRC. As a result, the Group's manufacturing operations of monitor system and small screen size televisions for exports were transferred to 深圳市創維群欣安防科技有限公司, a jointly controlled entity of the Group (the "JCE"). The employment contracts of the PRC workers were terminated and re-employed by the JCE. In this regard, a compensation of HK\$4,673,000 was agreed to pay to those workers. In connection with this restructuring of production operations, certain assets and liabilities were transferred to the JCE as summarised below:

	HK\$'000 (Unaudited)
Inventories	9,047
Trade and other receivables	5,432
Investments in securities	4,673
Bank balances and cash	297
Trade and other payables	(15,409)
	<hr/>
	4,040
	<hr/>
Satisfied by:	
Amount due from the JCE	<hr/> 4,040 <hr/>

The amount due from the JCE is unsecured and has no fixed terms of repayment. No interest would be charged on the amount within five years from the date of the transfer of those assets and liabilities and interest would be charged at commercial lending rate thereafter. In the opinion of directors, the amounts would not be repayable within the next twelve months from the balance sheet date and, accordingly, the amount is shown as non-current.

In addition, the Group had transferred certain land and buildings with net book value of HK\$3,347,000 to the JCE at no consideration. The Group's attributable share of the value of those land and buildings was accounted for as the Group's interest in the JCE.

22. RELATED PARTY TRANSACTIONS

Save as disclosed in notes 20 and 21, the Group had entered into the following significant related party transactions during the period:

- (a) The Group acquired certain land and buildings from the minority shareholder of Skyworth-RGB at an aggregate consideration of HK\$19,990,000 during the period and the balance was remained outstanding at the balance sheet date. The purchase consideration of the land and buildings was determined by both parties involved. In the opinion of the directors, the amount due is unsecured, interest-free and has no fixed terms of repayment.
- (b) The Group also incurred sub-contracting charges of HK\$932,000 (2002: nil) to the JCE.
- (c) The Group paid rental expenses, for leasing warehouse premise, of HK\$123,000 (2002: HK\$123,000) to Main Sea Development Limited, a company in which Mr. Wong Wang Sang, Stephen, the Chairman of the Company, has a beneficial interest. The rental expenses were charged based on a pre-determined monthly amount.
- (d) The Group received interest income, calculated at 5.85% per annum on the outstanding balance of unsecured short-term loans, from a jointly controlled entity of the Group amounting to HK\$522,000 (2002: HK\$615,000).
- (e) The Group disposed of 35% interest in 海南正商企業在綫有限公司 (formerly known as 海南創維網絡系統有限公司) to Mr. Lau Tsun Fan, the minority shareholder of that subsidiary, at a consideration of HK\$701,000 satisfied by exchange of unlisted equity securities in the PRC during the six months ended 30 September 2002.

INTERIM DIVIDEND

The Board of Directors has resolved to pay an interim dividend for the six months ended 30 September 2003 of HK2 cents per ordinary share (2002: HK0.5 cent), totalling approximately HK\$43,810,000 (2002: HK\$10,670,000) to shareholders whose names appear on the register of members of the Company at the close of business on 13 January 2004. The interim dividend will be payable in cash but shareholders will be given the option of electing to receive the interim dividend in the form of new shares ("New Shares") in lieu of cash in respect of part or all of such dividend. The New Shares to be issued pursuant to the scrip dividend scheme are subject to listing thereof, and permission to deal therein, being granted by the Listing Committee of the Stock Exchange.

In relation to the calculation of the number of New Shares to be allotted, the issue price for each New Share will be equal to the average closing price of the Company's shares on the Stock Exchange for the five consecutive trading days ending Tuesday, 20 January 2004 less five per cent discount rounding down such figure to four decimal places.

A circular containing details of the scrip dividend scheme together with an election form will be despatched to shareholders on or around 28 January 2004. It is expected that the certificates of New Shares will be despatched to shareholders entitled thereto at their risk on or around 19 February 2004.

BUSINESS REVIEW

Operating results

The management expects another year of significant improvement in the performance of the Company. For the six months ended 30 September 2003, the Group continued to grow with the economy of the PRC. Turnover increased by 23.5% to HK\$3,643,783,000 as compared with HK\$2,951,057,000 of the same period of the previous financial year, and net profit by 262.3% to HK\$80,887,000, against HK\$22,328,000 of the same period last year. The Group's gross profit margin for the six-month period also rose by 0.6% to 14.7%. We also saw a positive increase in the average selling price that proven a shift in the consumer demand for luxury products.

The Group saw the financial impact after the implementation of the Total Production Management ('TPM') throughout the production facilities. The cost of sales was under control and thus resulting in the better gross margin. Though inventory was at an all time high of HK\$1,934,545,000 comparing with the amount HK\$1,757,338,000 in the same period last year; this pattern is becoming the norm as the Group stocks up for the coming spending season before the Chinese New Year. Selling and distribution expenses increased by HK\$70,116,000 or 22.6% over the same period last year. General and administration expenses increased by HK\$1,396,000 or 1.5% over the same period last year.

Management-wise, during the period, the management was released from the indemnity related to the Hong Kong Profits Tax liabilities in respect of transactions before the Group went public. The case was brought up by the Hong Kong Inland Revenue Department in 2000 and was settled in the late May this year. The management was able to concentrate in the business of the Group.

China operations

We still foresee tremendous potential in the China market. The turnover of the Group's China operations amounted to HK\$2,947,609,000, representing a 36.3% increase from that of the same period last year and accounting for 80.9% of the Group's total turnover. Month on month sales grew at double-digit rate, whether in the city or the countryside. However, there emerged a more selective group of consumers asking for the latest and state of the art models of display electronics. This trend is becoming a significant force in re-shaping the market of display electronics. Competitions are fierce among the limited number of big manufacturers and there is little space for the weaker one. Television ("TV") sales accounted for 96.9% of overall turnover. This was followed by audio and visual ("AV") products of 2.1%.

TV

According to the statistic provided by the China's Ministry of Information Industry, the Group maintained as the fourth largest manufacturer of TV sets. The introduction of the high definition models this year filled the void in the higher-end traditional tube models, and is well received by the consumers. A total of 29 models were introduced. Together with the progressive scanning, rear projection ("RP"), thin film transistor ("TFT") and Plasma models, the Group offers a range of choices for the more selective and affluent consumers.

The Group increased its turnover and sales volume of TV sets in China by 37.7% and 33.6% to HK\$2,886,648,000 and 2,370,000 sets respectively as compared with those of the same period last year. Sales of TV sets in China accounted for 78.4% of the Group's total sales.

AV products

During the period, the Group started to phase in the sales team of AV to the TV sales network. After two years of independently operating a sales network for AV products, the Group saw the toughest competition that skimmed off the margin on the domestic sales. Combining the two sales teams will result in cost reduction though giving up some production specialization. The management believes this will better serve the PRC market and synchronize the corporate brand. China sales accounted for 1.7% of the total sales of the Group.

Digital set-top box and ADSL product

For the domestic market, the Group offers digital video broadcasting cable ("DVB-C") model for the local cable network operators. Over ten thousand sets were supplied to a number of TV stations in Jiangxi, Gansu, Wubei, Hebei, Jiangsu, Anhui, Guangdong, Fujian; Liaoning and Henan. The Group also supplied asymmetric digital subscriber line ("ADSL") to the telecommunication operators.

Monitors

The Group has completed the spinning off of a business unit that is concentrated in the monitors market. The Group witnessed the launching of the "Shen Zhou #5" by supplying 21" monitors to the space centre at Nanzhou, the PRC. The market is characterized as a corporate market that has strict specifications to meet.

Overseas operations

Sales of the Group's products to overseas market contributed 19.1% of the Group's total turnover, with TV sales accounting for 73.7% of overseas turnover, followed by AV products of 26.3%.

TV

Since last year, the Group no longer ranked the largest TV exporter with the entrance of the traditional domestic manufacturers into the export market. Because of their aggressive sales strategies, the US International Trade Commission and the Commerce Department accepted an anti-dumping charge filed by US local manufacturers early this year against the PRC manufacturers collectively regardless of the volume of sales of individual exporters. The Group is dragged into the suit though the volume of exporting to the US is minimal in the past and in the six months under review (5,000 units in last financial year and 1,000 units in the first six month this financial year). The Commerce Department's finding that goods were sold below fair market value in the US is still subject to a final ruling next April. The Group does not consider this will affect the financial results this year.

If the US market was taken out, the export was also hurt by the severe acute respiratory syndrome ("SARS") occurred in April in Hong Kong. Most of the orders were not materialized in the first six months that would occur in the past.

However, turnover fell by 5.2% though sales volume rose 5.3% to HK\$509,432,000 and 917,000 units respectively as compared with those of the corresponding period of last year.

An analysis of our overseas market coverage is as follows:

Geographical markets

	Six month ended 30 September 2003 Percentage (%)	Six month ended 30 September 2002 Percentage (%)
Asia (including Japan and Korea)	61	21
Europe	20	34
Central/South America	12	20
Middle East	4	15
Australia	2	6
Africa	1	4
	100	100

For the period under review, overseas TV sales accounted for 14.0% of the Group's total TV sales.

AV products

Overseas sales accounted for 5.0% of the total sales of the Group.

Digital set-top box

The Group offers digital set-top box-satellite ("DVB-T") to the overseas market, including the Middle East, Indonesia, Vietnam, Singapore and some European countries. Over 60,000 sets were sold.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2003, the Group's bank balances and cash decreased by HK\$214,110,000 to HK\$499,679,000 as compared to 31 March 2003.

Total bank borrowings amounted to HK\$6,338,000 as at 30 September 2003, representing a decrease of 9.1% from that of 31 March 2003. Gearing ratio of the Group stood at 0.3% as at 30 September 2003 against 0.3% as at 31 March 2003, calculated with reference to the bank borrowings of HK\$6,338,000 (31 March 2003: HK\$6,971,000) and shareholders' fund of HK\$2,297,655,000 (31 March 2003: HK\$2,310,790,000).

The Group's net current assets totalled HK\$1,653,976,000 as at 30 September 2003, against HK\$1,765,319,000 as at 31 March 2003. Its current ratio stood at 1.6 as at 30 September 2003, when compared with 1.7 on 31 March 2003.

During the period under review, the Group's trade receivable turnover has changed from 68 days to 88 days, while inventory turnover has shortened from 59 days to 52 days as compared with those of the same period last year.

The Group's shareholders' fund stood at HK\$2,297,655,000 as at 30 September 2003, against HK\$2,310,790,000 as at 31 March 2003.

SIGNIFICANT INVESTMENT AND ACQUISITION

During the current period, the Group paid HK\$56,586,000 for the acquisition of a piece of land situated in the PRC for the construction of a factory and spent approximately HK\$79,623,000 on acquisition of other property, plant and equipment. In addition, the Group acquired additional 19.5% interests in the registered capital of a subsidiary from the minority shareholder at a consideration of approximately HK\$9,346,000. These investments and acquisition further enhance the Group's business operations and expansion.

EMPLOYEE

At 30 September 2003, the Group had approximately 82 employees in Hong Kong and 9,002 employees in the PRC. Review of employees' remuneration packages is normally conducted annually and as required from time to time. Staff benefits include discretionary bonus allowances, contributions to retirement benefits schemes under different jurisdictions of employment, and employee share options.

EXCHANGE RISK

As the Group's operations are principally in the PRC and all assets and liabilities are denominated either in Renminbi, HK dollars or US dollars, the directors believe that the operations of the Group are not subject to significant foreign exchange risk.

FUTURE PROSPECTS

The Group follows closely the development of home networking. Display electronics will form a significant part of this "revolution at home". In theory, display electronics can facilitate domestic help and for entertainment purpose without physical location constraint. It is this belief that the Group will build products around "revolution at home". The Group is confident that with the strong R&D team, revolutionary products will be rolled out once the software is able to accommodate this paradigm.

In terms of corporate strategy, the recent development of global consolidation of production facilities will affect the entrance into the market. The Group is expecting to see more alliances to be formed.

Owing to delay in the land acquisition, the construction of the Shiyuan facilities is delayed. The site is bigger than originally planned. By the end of October 2003, the Group invited tenders for the re-design of the site, which should incorporate eco-features. Internal resources will finance the capital expenditures.

Based on our experience with the SAP system implemented last year, the Group launched the second phase of the enterprise resources planning ("ERP") system that is expected to trial run by the second quarter next year. The main objective is to create an integrated financial reporting system that can reduce the reporting time and to consolidate the financial statistics of the various operations within the TV business unit.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

(a) Ordinary shares of HK\$0.1 each of the Company

At 30 September 2003, the interests of the directors and of their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued shares capital of the Company
Wong Wang Sang, Stephen	Beneficial owner	25,000,000	1.16%
	Held by trust (note a)	816,768,000	38.04%
	Held by spouse (note b)	2,951,000	0.14%
Ng Kam Fai	Beneficial owner	57,443,000	2.67%
Wong Pui Sing	Beneficial owner	25,935,000	1.21%
Ding Kai	Beneficial owner	13,935,000	0.65%
		<u>942,032,000</u>	<u>43.87%</u>

(b) Share options

Name of director	Capacity	Number of options held	Number of shares underlying
Wong Wang Sang, Stephen	Beneficial owner	25,000,000	25,000,000
	Held by spouse (note b)	200,000	200,000
Ng Kam Fai	Beneficial owner	6,000,000	6,000,000
Wong Pui Sing	Beneficial owner	2,000,000	2,000,000
Ding Kai	Beneficial owner	2,000,000	2,000,000
		<u>35,200,000</u>	<u>35,200,000</u>

Note a: These shares are held by Target Success Group Limited in its capacity as trustee of the Skysource Unit Trust. Mr. Wong Wang Sang, Stephen is deemed to be interested in 816,768,000 ordinary shares of the Company as his spouse and his children are the discretionary beneficiaries of the Skysource Unit Trust.

Note b: Mr. Wong Wang Sang, Stephen is deemed to be interested in 2,951,000 shares of the Company and 200,000 options to acquire shares of the Company, being the interests held beneficially by his spouse.

Save as disclosed above, none of the directors and chief executives, or their associates, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO as at 30 September 2003, and none of the directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the period ended 30 September 2003.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2003, the following corporations have interests in the shares of the Company, other than the interests disclosed above in respect of certain directors of the Company, as recorded in the register of the Company required to be kept under Section 336 of the SFO:

Name	Number of ordinary shares interested	Percentage of total issued shares
Target Success Group Limited	816,768,000 (note)	38.04%
HSBC International Trustee Limited	816,768,000 (note)	38.04%

Note: They held the shares of the Company in the respective capacities as trustee (in the case of Target Success Group Limited) of the Skysource Unit Trust (all of the units in which are owned by Skysource Trust) and (in the case of HSBC International Trustee Limited) of the Skysource Trust.

Save as disclosed above, there was no person, other than certain directors of the Company as disclosed above, who has an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTIONS

- (i) The Company adopted a share option scheme (the "Old Scheme"), pursuant to a resolution passed on 27 March 2000 for the purpose of providing incentives to directors and eligible employees and, unless otherwise cancelled or amended, would expire on 27 March 2010. Under the Old Scheme, the directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries and associates, to subscribe for shares in the Company.

Options granted must be taken up within a period of 30 days from the date of grant, upon payment of HK\$1 per grant. Options may be exercised in 2, 3 or 4 equal portions. The first portion is exercisable at any time commencing on the first anniversary date from the date of grant of the share option, and each further portion becomes exercisable on the next anniversary date in each of the following years. All of the options, if not otherwise exercised, will lapse on 27 March 2010.

Prior to 1 September 2001, the exercise price is determined by the directors of the Company at a price not less than 80% of the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of offer of the options or the nominal value of the shares, whichever is the higher. With effect from 1 September 2001, the exercise price is determined by the directors of the Company, and will not be less than the higher of the closing price of the Company's shares on the date of grant, and the average closing prices of the shares for the five business days immediately preceding the date of grant.

As the Old Scheme no longer complies with the amended rules in the Listing Rules governing share option schemes, no further option can be granted under the Old Scheme from 1 September 2001 unless the grant complies with the amended Chapter 17 of the Listing Rules. Nevertheless, options previously granted under the Old Scheme will continue to be exercisable in accordance with the Old Scheme.

- (ii) In compliance with the amended Chapter 17 of the Listing Rules, the Old Scheme was replaced by a new share option scheme (the "New Scheme"), pursuant to a special resolution passed on 28 August 2002. Under the New Scheme, the directors of the Company may grant options to eligible person, including any directors, whether executive or non-executive (including any independent non-executive directors), and any employee, whether full time or part time, of any member of the Group.

Options granted must be taken up within a period of 30 days from the date of grant, upon payment of HK\$1 per grant.

Each grant of an option to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive directors, excluding any independent non-executive director who is the grantee of the option.

Under the New Scheme, the maximum number of shares issuable upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company as from the commencement of the scheme period, excluding those options which have lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company, must not in aggregate exceed 10% of the Company's shares in issue as at the date of adoption of the New Scheme.

At 30 September 2003, the number of shares in respect of which options had been granted under the share option scheme was 136,515,000 (31 March 2003: 152,491,000), including 83,515,000 (31 March 2003: 102,091,000) for Old Scheme and 53,000,000 (31 March 2003: 50,400,000) for New Scheme, representing 6.36% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the share option schemes is not permitted to exceed 10% of the shares of the Company in issue from time to time.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the period. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

The following tables showed the movements in the Company's share options granted to the directors and the employees under both of the Old Scheme and the New Scheme during the period ended 30 September 2003:

Under Old Scheme

Date of grant	Exercisable period	Exercise price HK\$	Number of Share Options				Outstanding at 30 September 2003
			Outstanding at 1 April 2003	Granted during the period	Exercised during the period	Cancelled during the period	
Directors							
Wong Wang Sang, Stephen:							
25 November 2000	25 November 2003 to 27 March 2010	0.336	12,500,000	-	-	-	12,500,000
	25 November 2004 to 27 March 2010	0.336	12,500,000	-	-	-	12,500,000
Ng Kam Fai:							
25 November 2000	25 November 2002 to 27 March 2010	0.336	3,000,000	-	(3,000,000)	-	-
	25 November 2003 to 27 March 2010	0.336	3,000,000	-	-	-	3,000,000
	25 November 2004 to 27 March 2010	0.336	3,000,000	-	-	-	3,000,000
Wong Pui Sing:							
25 November 2000	25 November 2003 to 27 March 2010	0.336	1,000,000	-	-	-	1,000,000
	25 November 2004 to 27 March 2010	0.336	1,000,000	-	-	-	1,000,000
Ding Kai:							
25 November 2000	25 November 2003 to 27 March 2010	0.336	1,000,000	-	-	-	1,000,000
	25 November 2004 to 27 March 2010	0.336	1,000,000	-	-	-	1,000,000
Kuo Teng Yeuk (resigned on 22 April 2003):							
25 November 2000	25 November 2003 to 27 March 2010	0.336	3,500,000	-	-	(3,500,000)	-
	25 November 2004 to 27 March 2010	0.336	3,500,000	-	-	(3,500,000)	-
			<u>45,000,000</u>	<u>-</u>	<u>(3,000,000)</u>	<u>(7,000,000)</u>	<u>35,000,000</u>

Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1 April 2003	Number of Share Options			Outstanding at 30 September 2003
				Granted during the period	Exercised during the period	Cancelled during the period	
Employees							
25 November 2000	25 November 2001 to 27 March 2010	0.336	2,192,000	-	(996,000)	-	1,196,000
	25 November 2002 to 27 March 2010 (note)	0.336	4,374,000	-	(2,168,000)	(566,000)	1,640,000
	25 November 2003 to 27 March 2010 (note)	0.336	18,102,000	-	-	(814,000)	17,288,000
	25 November 2004 to 27 March 2010 (note)	0.336	13,123,000	-	-	(816,000)	12,307,000
2 April 2001	2 April 2003 to 27 March 2010	0.292	500,000	-	(500,000)	-	-
	2 April 2004 to 27 March 2010	0.292	500,000	-	-	-	500,000
	2 April 2005 to 27 March 2010	0.292	500,000	-	-	-	500,000
23 January 2002	23 January 2003 to 27 March 2010	0.420	750,000	-	(750,000)	-	-
	23 January 2004 to 27 March 2010	0.420	3,750,000	-	-	-	3,750,000
	23 January 2005 to 27 March 2010	0.420	3,750,000	-	-	-	3,750,000
	23 January 2006 to 27 March 2010	0.420	3,750,000	-	-	-	3,750,000
25 March 2002	25 March 2003 to 27 March 2010	0.520	966,000	-	(966,000)	-	-
	25 March 2004 to 27 March 2010	0.520	966,000	-	-	-	966,000
	25 March 2005 to 27 March 2010	0.520	868,000	-	-	-	868,000
5 June 2002	5 June 2003 to 27 March 2010	0.840	250,000	-	-	(250,000)	-
	5 June 2004 to 27 March 2010	0.840	250,000	-	-	(250,000)	-
	5 June 2005 to 27 March 2010	0.840	250,000	-	-	(250,000)	-
	5 June 2006 to 27 March 2010	0.840	250,000	-	-	(250,000)	-
8 August 2002	8 August 2003 to 27 March 2010	0.750	500,000	-	-	-	500,000
	8 August 2004 to 27 March 2010	0.750	500,000	-	-	-	500,000
	8 August 2005 to 27 March 2010	0.750	500,000	-	-	-	500,000
	8 August 2006 to 27 March 2010	0.750	500,000	-	-	-	500,000
			<u>57,091,000</u>	<u>-</u>	<u>(5,380,000)</u>	<u>(3,196,000)</u>	<u>48,515,000</u>
			<u>102,091,000</u>	<u>-</u>	<u>(8,380,000)</u>	<u>(10,196,000)</u>	<u>83,515,000</u>

note: During the period, the exercisable period of certain share options granted had been changed.

The average closing prices of the Company's shares immediately before the dates of which the share options were exercised during the period ended 30 September 2003 ranged from HK\$0.73 to HK\$0.91.

Under New Scheme

Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1 April 2003	Number of Share Options			Outstanding at 30 September 2003
				Granted during the period	Exercised during the period	Cancelled during the period	
Employees							
5 October 2002	5 October 2003 to 27 March 2010	0.840	12,000,000	-	-	(100,000)	11,900,000
	5 October 2004 to 27 March 2010	0.840	12,000,000	-	-	(100,000)	11,900,000
	5 October 2005 to 27 March 2010	0.840	12,000,000	-	-	(100,000)	11,900,000
	5 October 2006 to 27 March 2010	0.840	12,000,000	-	-	(100,000)	11,900,000
14 February 2003	14 February 2004 to 27 March 2010	0.874	366,000	-	-	-	366,000
	14 February 2005 to 27 March 2010	0.874	366,000	-	-	-	366,000
	14 February 2006 to 27 March 2010	0.874	368,000	-	-	-	368,000
18 March 2003	18 March 2004 to 27 March 2010	0.800	250,000	-	-	-	250,000
	18 March 2005 to 27 March 2010	0.800	250,000	-	-	-	250,000
	18 March 2006 to 27 March 2010	0.800	250,000	-	-	-	250,000
	18 March 2007 to 27 March 2010	0.800	250,000	-	-	-	250,000
28 March 2003	28 March 2004 to 27 March 2010	0.776	76,000	-	-	-	76,000
	28 March 2005 to 27 March 2010	0.776	76,000	-	-	-	76,000
	28 March 2006 to 27 March 2010	0.776	76,000	-	-	-	76,000
	28 March 2007 to 27 March 2010	0.776	72,000	-	-	-	72,000
9 June 2003	9 June 2004 to 27 March 2010	0.752	-	500,000	-	-	500,000
	9 June 2005 to 27 March 2010	0.752	-	500,000	-	-	500,000
	9 June 2006 to 27 March 2010	0.752	-	500,000	-	-	500,000
	9 June 2007 to 27 March 2010	0.752	-	500,000	-	-	500,000
27 June 2003	27 June 2004 to 27 March 2010	0.742	-	250,000	-	-	250,000
	27 June 2005 to 27 March 2010	0.742	-	250,000	-	-	250,000
	27 June 2006 to 27 March 2010	0.742	-	250,000	-	-	250,000
	27 June 2007 to 27 March 2010	0.742	-	250,000	-	-	250,000
			<u>50,400,000</u>	<u>3,000,000</u>	<u>-</u>	<u>(400,000)</u>	<u>53,000,000</u>

The closing prices of the Company's share immediately before the dates of grant on 9 June 2003 and 27 June 2003 were HK\$0.75 and HK\$0.74 respectively. No share option under the New Scheme was exercised during the period ended 30 September 2003.

The directors do not consider it appropriate to disclose a theoretical value of the share options of the Company granted because a number of factors crucial for the valuation are subjective and uncertain. Accordingly, any valuation of the options based on various speculative assumptions would not be meaningful, and would be misleading.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements 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 and none of the directors, or their spouses or 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2003, 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 is not, or was not during the period from 1 April 2003 to 30 September 2003 in compliance with those paragraphs of the Code of Best Practice, as set out in Appendix 14 of the Listing Rules of the Stock Exchange.

AUDIT COMMITTEE

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

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 8 January 2004 to Tuesday, 13 January 2004, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend payable on 19 February 2004, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Hong Kong Registrars Limited, at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 7 January 2004.

On behalf of the Board
Wong Wang Sang, Stephen
Chairman

Hong Kong, 22 December 2003