

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30th September, 2003 ("Period"), Emperor International Holdings Limited ("Company") and its subsidiaries (collectively referred to as the "Group") recorded a turnover of HK\$714 million, representing an increase of 93% from HK\$369 million for the previous corresponding period. The increase was mainly attributable to the sale of properties amounting to HK\$384 million as compared with HK\$57 million for the last corresponding period. Profit attributable to shareholders was HK\$42 million as compared with a loss of HK\$354 million which included the Group's share of loss of a major associate for the last corresponding period.

OPERATION REVIEW

Hong Kong Property Development and Investment

Property development and investment remained the core businesses from which the Group derived significant and steady income during the Period. All units in JC Castle, a residential development in Tai Po, had been sold, bringing in sale proceeds of HK\$376 million to the Group. The sale of Royal Bay, a residential development in Chung Hom Kok, was also satisfactory. Basement excavation and foundation works of the redevelopment site in Repulse Bay had commenced. Such works were expected to be completed by the end of next year.

Emperor International Holdings Limited

PRC Property Development and Investment

Riverside Garden, Xiamen

Over 90% of the residential units of Phase I of the development had been sold as at the end of the Period. The project contributed over HK\$5 million to the Group's profit for the Period.

New Century Plaza, Chongqing

The project was intended to comprise an integrated commercial, office and hotel complex. Shortly after the Period, a disposal agreement had been signed by the Group with a third party to dispose of the Group's interest in the development at a consideration equivalent to HK\$52 million, and a deposit equivalent to HK\$9 million had been received by the Group. Completion of the transaction was tentatively scheduled to take place around early next year when the balance payment would be received.

Brokerage and Financial Services

During the Period, the securities and futures brokerage and financial businesses contributed HK\$40 million to the Group's profit as compared with a profit of HK\$43 million for the last corresponding period. With the recovery of Hong Kong's economy, the result for the whole financial year was expected to be improved.

Hotel and Furniture

The hotel and the furniture businesses suffered losses as both industries were badly affected by SARS during the Period. As at the date of the report, the results from these two operations have improved with the gradual recovery of market conditions.

Publishing and Printing

New Media Group

Four magazines, namely Weekend Weekly, New Monday, Oriental Sunday and Economic Digest were operated under the New Media Group. Weekend Weekly and Oriental Sunday had generated satisfactory profit for the Group during the Period. Although a loss was recorded for Economic Digest, the management saw a substantive improvement as compared with the last corresponding period. New Monday suffered a slight loss during the Period as a result of the keen competition, but the management expected its performance to improve in the coming periods. There were plans to launch new publications in the near future to broaden the Group's income stream.

Hong Kong Daily News

A loss was recorded during the Period as a result of the cut-throat advertising packages offered by its competitors. The management had been taking steps to strengthen its sales teams and improve its editorial and implement measures to enhance its circulation. The management would cautiously explore various means to improve its results.

Hong Kong Daily Offset Printing

Hong Kong Daily Offset Printing is the printing arm of the Group. During the Period, it managed to record a slight profit despite the keen competition.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September, 2003, the total external borrowings (excluding payables) amounted to approximately HK\$965 million and the Group had a debt to equity ratio of 46% (measured by total external borrowings as a percentage to the net asset value of the Group). In addition to its share capital and reserves, the Group made use of cash flow generated from operations, bank borrowings and unsecured loans from a shareholder and related companies to finance its operations. The Group's bank borrowings were mainly denominated in Hong Kong Dollars and their interest rates followed the market rates. The Group's bank balances and cash were mostly denominated in Hong Kong dollars, with a minor portion of 13% denominated in Renminbi. The Group had no material exposure to fluctuations in exchange rates. Besides, the Group had contingent liabilities in respect of the guarantees given to banks as security in connection with (i) banking facilities granted to independent third parties and as at the end of the Period, the total amount of facilities utilized was HK\$26 million and (ii) mortgage loans granted to third parties totalling HK\$19 million.

STAFF COSTS

The total cost incurred for staff including directors' emoluments amounted to HK\$114 million as compared with HK\$78 million in the last corresponding period. The increase was due to the inclusion of printing and publishing business acquired in July 2002. The number of staff was approximately 1,000 as at the end of the Period.

The Company adopted a new share option scheme ("Scheme") on 9th September, 2003 and terminated the previous share option scheme adopted on 17th December, 2001 as it followed the old Chapter 17 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The purpose of the Scheme was to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that were valuable to the Group or any entity in which the Group held an equity interest. No option had been granted since its adoption.

ASSETS PLEDGED

Assets with carrying value of approximately HK\$2,080 million were pledged as security for banking facilities.

PROSPECTS

As at the date of this report, most of the businesses of the Group had recovered from the sluggish economic conditions after SARS, following an upsurge in consumers' demand. The management would continue to take steps to strengthen its market share and improve the performance of its various businesses.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended	
		30th September, 2003 (unaudited) HK\$'000	30th September, 2002 (unaudited and restated) HK\$'000
Turnover		713,752	369,196
Cost of sales		(516,685)	(198,375)
Direct operating expenses		(21,754)	(25,166)
Gross profit		175,313	145,655
Other operating income – net		20,938	20,180
Selling and marketing expenses		(48,462)	(13,271)
Administrative expenses		(87,995)	(74,353)
Amortisation of intangible assets		(2,746)	(2,671)
Gain on disposal of intangible asset		2,988	–
Revaluation surplus on investment properties		19,000	–
Impairment loss recognised in respect of properties under development		(19,060)	–
Impairment loss recognised in respect of motor vehicle registration mark		(1,300)	(1,470)
Impairment loss recognised in respect of intangible assets		–	(94,661)
Impairment loss recognised in respect of publishing library		–	(12,542)
Profit (Loss) from operations	4	58,676	(33,133)
Finance costs		(13,265)	(12,349)
Amortisation of goodwill arising on acquisition of an associate		–	(3,094)
Gain on disposal of an associate		–	17,662
Share of results of associates		(21)	(317,602)
Profit (Loss) before taxation		45,390	(348,516)
Taxation	5	(4,477)	(4,251)
Profit (Loss) before minority interests		40,913	(352,767)
Minority interests		1,413	(1,553)
Profit (Loss) attributable to shareholders		42,326	(354,320)
Earnings (Loss) per share – basic	6	HK\$0.49	HK\$(4.1)

CONDENSED CONSOLIDATED BALANCE SHEET

		As at
	30th September, 2003	31st March, 2003
	(unaudited)	(audited and restated)
Notes	HK\$'000	HK\$'000
Non-current assets		
Investment properties	1,243,445	1,224,445
Property, plant and equipment	869,759	921,031
Properties under development	221,814	197,100
Interests in associates	81,990	82,227
Amounts due from associates	21,511	26,059
Intangible assets	15,951	21,709
Negative goodwill	(12,135)	–
Deferred taxation	16,507	14,748
Investments in securities	847	890
Other assets	11,246	11,460
	2,470,935	2,499,669
Current assets		
Inventories	28,617	36,414
Properties held for sale	133,642	475,465
Debtors, deposits and prepayments	541,987	233,821
Taxation recoverable	640	866
Investments in trading securities	32,280	5,307
Pledged bank deposits	28,603	47,703
Bank balances and cash	130,040	152,676
	895,809	952,252
Current liabilities		
Creditors, customers' deposits and accrued charges	294,189	317,739
Amount due to a shareholder	146,146	45,371
Taxation provision	4,276	1,385
Secured bank borrowings – due within one year	501,643	683,119
Obligations under finance leases – due within one year	42	89
	946,296	1,047,703
Net current liabilities		
	(50,487)	(95,451)
	2,420,448	2,404,218

Emperor International Holdings Limited

		30th September, 2003 (unaudited) HK\$'000	As at 31st March, 2003 (audited and restated) HK\$'000
	Notes		
Capital and reserves			
Share capital	12	8,633	8,633
Reserves		2,092,109	2,050,948
		2,100,742	2,059,581
Minority interests		(14,799)	(50,772)
Non-current liabilities			
Amounts due to minority shareholders of subsidiaries		36,873	106,194
Secured bank borrowings – due after one year		279,809	274,234
Obligations under finance leases – due after one year		233	233
Deferred taxation		17,590	14,748
		334,505	395,409
		2,420,448	2,404,218

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Other reserve HK\$'000	Contributed surplus HK\$'000	Accu- mulated profits HK\$'000	Total HK\$'000
Balance as at 1st April, 2002	863,293	1,133,259	5,856	107,482	521	2	149,028	521,930	2,781,371
Depreciation attributable to revaluation surplus	-	-	-	(660)	-	-	-	660	-
Revaluation decrease in investments in securities	-	-	-	-	(243)	-	-	-	(243)
Share of movement in translation reserve of an associate	-	-	2	-	-	-	-	-	2
Net loss not recognised in the condensed consolidated income statement	-	-	2	(660)	(243)	-	-	660	(241)
Revaluation reserve realised upon disposal of properties	-	-	-	(22,841)	-	-	-	-	(22,841)
Realised upon disposal of an associate	-	-	(954)	-	-	-	-	-	(954)
Loss attributable to shareholders	-	-	-	-	-	-	-	(354,320)	(354,320)
Balance as at 30th September, 2002	<u>863,293</u>	<u>1,133,259</u>	<u>4,904</u>	<u>83,981</u>	<u>278</u>	<u>2</u>	<u>149,028</u>	<u>168,270</u>	<u>2,403,015</u>
Balance as at 1st April, 2003	8,633	1,133,259	1,727	75,097	375	(5)	1,023,115	(182,620)	2,059,581
Depreciation attributable to revaluation surplus	-	-	-	(660)	-	-	-	660	-
Revaluation decrease in investments in securities	-	-	-	-	(4)	-	-	-	(4)
Exchange difference arising on translation of foreign enterprises	-	-	(1,138)	-	-	-	-	-	(1,138)
Share of movement in translation reserve of an associate	-	-	(23)	-	-	-	-	-	(23)
Net loss not recognised in the condensed consolidated income statement	-	-	(1,161)	(660)	(4)	-	-	660	(1,165)
Profit attributable to shareholders	-	-	-	-	-	-	-	42,326	42,326
Balance as at 30th September, 2003	<u>8,633</u>	<u>1,133,259</u>	<u>566</u>	<u>74,437</u>	<u>371</u>	<u>(5)</u>	<u>1,023,115</u>	<u>(139,634)</u>	<u>2,100,742</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	30th September,	30th September,
	2003	2002
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash from operating activities	75,828	244,118
Net cash used in investing activities	(5,752)	(115,688)
Net cash used in financing	(91,082)	(107,852)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	(21,006)	20,578
Cash and cash equivalents at the beginning of the period	119,557	(5,897)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	98,551	14,681
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules on the Stock Exchange and Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 March 2003, except for the adoption of SSAP 12 (Revised) "Income Taxes".

Income Taxes

In the Period, the Group has adopted SSAP 12 (Revised) "Income taxes" which is effective for accounting periods commencing on or after 1st January, 2003. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous periods, 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 amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. This change in accounting policy has no material effect for the prior accounting periods. Accordingly, no prior period adjustment has been required. The effect on the result for the Period is HK1,083,000 which is deducted from the profit.

3. SEGMENT INFORMATION

For management purpose, the Group is currently organised into eight operating divisions, namely, lease of properties, sales of properties, printing and publishing, securities brokerage services, wholesaling and retailing of furniture, hotel operations, consultancy and advisory services and sales of marine products. These divisions are the basis on which the Group reports its primary segment information.

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	30th September,	30th September,	30th September,	30th September,
	2003	2002	2003	2002
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments				
Lease of properties	38,682	49,541	48,483	44,442
Sale of properties	384,386	56,804	1,233	20,883
Printing and publishing	170,034	71,247	(3,359)	(20,626)
Securities brokerage services	29,225	18,440	14,357	11,738
Wholesaling and retailing of furniture	40,028	45,290	(8,370)	(1,228)
Hotel operations	15,590	21,289	(5,176)	(3,515)
Consultancy and advisory services	28,133	33,851	25,891	31,755
Sales of marine products	4,605	–	(325)	–
Others	3,069	–	7,844	–
Securities trading	–	72,734	–	(4,652)
	<u>713,752</u>	<u>369,196</u>	<u>80,578</u>	<u>78,797</u>
Interest income			809	6,264
Finance costs			(13,265)	(12,349)
Impairment loss of internet streaming rights			–	(92,400)
Corporate general and administrative expenses			(22,711)	(25,794)
Amortisation of goodwill arising on acquisition of an associate – (Business segment: Others)			–	(3,094)
Gain on disposal of an associate – (Business segment: Others)			–	17,662
Share of results of associates – (Business segment: Sale of properties)			(21)	(306,212)
Share of result of an associate – (Business segment: Others)			–	(11,390)
Profit (Loss) before taxation			<u>45,390</u>	<u>(348,516)</u>

4. PROFIT (LOSS) FROM OPERATIONS

Profit (Loss) from operations for the Period has been arrived at after charging depreciation of approximately HK\$26,138,000 (2002: HK\$15,723,000) in respect of the Group's property, plant and equipment and crediting dividend income from listed securities of approximately HK\$106,000 (2002: HK\$33,000).

5. TAXATION

	Six months ended	
	30th September, 2003	30th September, 2002
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax attributable to the Group	(3,200)	(4,065)
Deferred taxation	(1,083)	–
	(4,283)	(4,065)
Share of taxation attributable to associates	(194)	(186)
	(4,477)	(4,251)

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profit for the Period.

6. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the profit attributable to shareholders of approximately HK\$42,326,000 (2002: Loss of HK\$354,320,000) and on 86,329,352 shares in issue during both periods, after adjusted for the 10 for 1 share consolidation effective on 31st March, 2003.

No disclosure of diluted earnings (loss) per share is presented as there were no dilutive potential shares outstanding during both periods.

7. INTERIM DIVIDEND

The board of directors did not recommend the payment of an interim dividend for the six months ended 30th September, 2003 (2002: nil).

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired and disposed of property, plant and equipment amounting to approximately HK\$11,926,000 and HK\$37,059,000 respectively.

9. NEGATIVE GOODWILL

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition. Negative goodwill is presented as deduction from assets and is released to income based on an analysis of the circumstances from which the balance resulted.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

In general, the Group grants credit periods ranging from 30 days to 180 days to its customers of its trading business and printing and publishing business. No aged analysis is disclosed in respect of certain loans to clients of the securities brokerage business as in the opinion of the directors, the aged analysis does not give relevant information in view of the nature of the loans.

The following is an ageing analysis of trade debtors as at the balance sheet date:

	30th September, 2003 (unaudited) HK\$'000	31st March, 2003 (audited and restated) HK\$'000
0 – 30 days	115,189	104,029
31 – 90 days	58,921	19,844
91 – 180 days	31,335	11,499
Over 180 days	7,807	9,240
	<hr/> 213,252	<hr/> 144,612
Other receivables, deposits and prepayments	328,735	89,209
	<hr/> 541,987 <hr/>	<hr/> 233,821 <hr/>

11. CREDITORS, CUSTOMER DEPOSITS AND ACCRUED CHARGES

The following is an ageing analysis of trade creditors as at the balance sheet date:

	30th September, 2003 (unaudited) HK\$'000	31st March, 2003 (audited) HK\$'000
0 – 90 days	116,136	117,026
91 – 180 days	6,461	1,400
Over 180 days	15,745	6,737
	<hr/> 138,342	<hr/> 125,163
Other payables, deposits and accruals	155,847	192,576
	<hr/> 294,189 <hr/>	<hr/> 317,739 <hr/>

12. SHARE CAPITAL

	Number of shares of HK\$0.1 each	Capital HK\$'000
Authorised:		
As at 31st March, 2003 and 30th September, 2003	50,000,000,000	5,000,000
Issued and fully paid:		
As at 31st March, 2003 and 30th September, 2003	86,329,352	8,633

13. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

	30th September, 2003 (unaudited)		31st March, 2003 (audited)	
	Guarantees given HK\$'000	Amount utilised HK\$'000	Guarantees given HK\$'000	Amount utilised HK\$'000
Guarantees given to banks in respect of credit facilities utilised by third parties	49,500	26,284	64,500	22,562
Guarantees given to a bank in respect of mortgage loans granted to the purchasers of properties	18,538	18,538	17,503	17,503
	68,038	44,822	82,003	40,065

Capital commitments

	30th September, 2003 (unaudited) HK\$'000	31st March, 2003 (audited) HK\$'000
Authorised but not contracted for in respect of property investment and development projects	274,890	324,439
Contracted for but not provided in the financial statements, net of deposits paid, in respect of:		
– property investment and development projects	88,744	147,467
– acquisition of property, plant and equipment	35	6,014
	363,669	477,920

14. RELATED PARTY TRANSACTIONS

During the Period, the Group had the following significant transactions with related parties:

	Six months ended	
	30th September, 2003	30th September, 2002
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Advertising income received from related companies (<i>Note ii</i>)	850	358
Interest received from associates (<i>Note iii</i>)	414	5,872
Management fees received from associates (<i>Note ii</i>)	120	731
Management fees received from related companies (<i>Note ii</i>)	586	436
Rental received from related companies (<i>Note ii</i>)	3,520	4,220
Rental received from associates (<i>Note ii</i>)	–	2,110
Professional and service fees received from related companies (<i>Note ii</i>)	1,195	1,354
Interest paid to a shareholder (<i>Note iii</i>)	1,399	562

Notes:

- (i) A director and a substantial shareholder of the Company have beneficial interests in the related companies.
- (ii) These transactions were carried out after negotiations between the Group and the related parties and on the basis of estimated market value as determined by the Directors of the Company.
- (iii) The interest received or paid by the Group is calculated by reference to the principal outstanding and at the prevailing market interest rates.

15. POST BALANCE SHEET EVENT

On 4th November 2003, the Group entered into an agreement to dispose of the development project at Chongqing, The People's Republic of China at a consideration equivalent to approximately HK\$52,000,000. The transaction is expected to be completed around early next year and to have no material effect on the Group's result.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30th September, 2003, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange were as follows:—

(a) Long position in shares in the Company

Name of director	Nature of interest	Number of ordinary shares held	Percentage holding
Ms. Luk Siu Man, Semon ("Ms. Semon Luk")	Family	64,567,475	74.79%

Note: The shares were registered in the name of Charron Holdings Limited ("Charron"). The entire issued share capital of Charron was held by Jumbo Wealth Limited ("Jumbo Wealth") on trust for The A&A Unit Trust. The A&A Unit Trust was a unit trust under The Albert Yeung Discretionary Trust ("Trust"), a discretionary trust set up by Mr. Yeung Sau Shing, Albert ("Mr. Albert Yeung"). Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 64,567,475 shares held by Charron. By virtue of the aforesaid interest of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and director of the Company) was also deemed to be interested in the above 64,567,475 shares held by Charron.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES (Continued)

(b) Long position in shares in associated corporation

Name of associated corporation	Nature of interest	Number of ordinary shares held	Percentage holding
Charron (<i>Note 1</i>)	Family	1	100%
Jumbo Wealth (<i>Note 1</i>)	Family	1	100%
Surplus Way Profits Limited ("Surplus Way") (<i>Note 2</i>)	Family	1	100%
Emperor Entertainment Group Limited ("EEG") (<i>Note 2</i>)	Family	192,182,000	73.92%
Emperor (China Concept) Investments Limited ("ECC") (<i>Note 3</i>)	Family	3,411,310	30.99%

Notes:

1. Charron was the registered owner of 64,567,475 shares, representing 74.79% of the total issued share capital of the Company. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the Trust. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the share capital of Charron. By virtue of the aforesaid interest of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and director of the Company) was also deemed to be interested in the share capital of Charron and Jumbo Wealth respectively.
2. EEG was a company with its shares listed in Hong Kong; 73.92% of the shares of EEG were registered in the name of Surplus Way. The entire issued share capital of Surplus Way was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the Trust. By virtue of the interests of The A&A Unit Trust in Charron and Surplus Way, both Surplus Way and EEG were associated corporations of the Company. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the share capital of Surplus Way and EEG respectively. By virtue of the aforesaid interest of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and director of the Company) was also deemed to be interested in the share capital of Surplus Way and EEG respectively.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES (Continued)

3. ECC was a company with its shares listed in Hong Kong; 30.99% of the shares of ECC were registered in the name of Worthy Strong Investment Limited ("Worthy Strong"). The entire issued share capital of Worthy Strong was held by the Company. By virtue of the interest of the Company in ECC, ECC was the associated corporation of the Company. Charron was the registered owner of 64,567,475 shares, representing 74.79% of the total issued share capital of the Company. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the Trust. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the share capital of ECC. By virtue of the aforesaid interest of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and director of the Company) was also deemed to be interested in the share capital of ECC.

Save as disclosed above, as at 30th September, 2003, none of the directors or chief executives of the Company had any interests or short positions in shares, underlying shares or debentures in the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as known to the directors of the Company, as at 30th September, 2003, the persons (other than the directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange were as follows:-

Long position in shares in the Company

Name	Capacity/ Nature of Interests	Number of ordinary shares held	Percentage holding
Charron	Beneficial	64,567,475	74.79%
Jumbo Wealth	Trustee	64,567,475	74.79%
GZ Trust (Corporation ("GZ Trust"))	Trustee	64,567,475	74.79%
Mr. Albert Yeung	Founder of the Trust	64,567,475	74.79%

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS (Continued)

Note: The shares were registered in the name of Charron. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the Trust. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 64,567,475 shares held by Charron and held the entire issued share capital of Jumbo Wealth on trust for GZ Trust as trustee of the Trust. The above shares were the same shares as those set out under paragraph (a) of the section of "Directors' and Chief Executives' Interests and Short Positions in Shares" above.

Save as disclosed above, as at 30th September, 2003, the directors of the Company were not aware of any other persons (other than the directors or chief executives of the Company) who had any interests or short positions in the shares, underlying shares or debentures in the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Company had complied throughout the Period with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that (i) the independent non-executive directors of the Company were not appointed for specific term; and (ii) full board meeting was not held every six months as one of the directors of the Company was away from Hong Kong.

By Order of the Board
Luk Siu Man, Semon
Chairperson

Hong Kong, 19th December, 2003