

CHAIRMAN'S STATEMENT

I am pleased to present to shareholders the interim report and condensed financial statements of ITC Corporation Limited (the "Company") and its subsidiaries (together with the Company, the "Group") for the six months ended 30th September, 2003.

INTERIM DIVIDEND

On the basis of the accounts, the board of directors of the Company (the "Board") has resolved not to pay interim dividend for the six months ended 30th September, 2003 (2002: NIL).

Preference share dividend on the 267,980,000 compulsorily convertible cumulative preference shares at HK\$0.069 per share per annum has not been accrued for the period under review.

BUSINESS REVIEW AND OUTLOOK

RESULTS AND FINANCIAL HIGHLIGHTS

During the six months ended 30th September, 2003, there are significant fluctuations on the results of the Group mainly because the Group started to consolidate Paul Y. - ITC Construction Holdings Limited ("Paul Y. - ITC") as a subsidiary in the accounts of the Group instead of sharing its results as an associate using the equity accounting method for the corresponding period in 2002 after the close of a voluntary conditional cash offer by the Group in December 2002.

The results and financial position of the Group for the period under review are summarised in the table below:

主席報告

本人欣然向股東提呈德祥企業集團有限公司（「本公司」）及其附屬公司（連同本公司，「本集團」）截至二零零三年九月三十日止六個月之中期業績報告及簡明財務報表。

中期股息

基於會計帳目，本公司之董事局（「董事局」）議決就截至二零零三年九月三十日止六個月不派付任何中期股息（二零零二年：無）。

267,980,000股強制性可換股累積優先股之優先股股息每股每年0.069港元並未於所回顧之期間累計。

業務回顧及展望

業績及財務概覽

於截至二零零三年九月三十日止六個月內，本集團之業績出現重大變化，主要由於本集團於二零零二年十二月提出之自願有條件現金收購建議結束後，本集團開始於本集團之會計賬目內，將保華德祥建築集團有限公司（「保華德祥」）綜合計算為附屬公司，而並非如二零零二年同期採用權益會計法將其作為聯營公司而攤佔其業績。

本集團於回顧期之業績及財務狀況於下表概述：

Results	Notes	Six months ended		Percentage change
		2003	2002	
		30th September,		
		截至九月三十日		
		止六個月		
業績	附註	二零零三年	二零零二年	百分比變動
Consolidated turnover (HK\$'million) 綜合營業額 (百萬港元)	a	1,698.4	13.7	+12,274%
Profit from operations (HK\$'million) 經營業務所得溢利 (百萬港元)	b	29.0	13.3	+118%
Profit (loss) for the period (HK\$'million) 期內溢利 (虧損) (百萬港元)	c	47.6	(101.4)	N.A. 不適用
Basic earnings (loss) per ordinary share (HK cents) 每股普通股基本盈利 (虧損) (港仙)	c	6.1	(17.5)	N.A. 不適用
		As at 30th	As at 31st	Percentage
Financial position		September, 2003	March, 2003	change
財務狀況		於二零零三年	於二零零三年	百分比變動
		九月三十日	三月三十一日	
Total assets (HK\$'million) 總資產 (百萬港元)		5,105.9	4,851.2	+5%
Shareholders' funds (HK\$'million) 股東資金 (百萬港元)	d	1,288.7	1,205.2	+7%
Current ratio 流動比率		1.29	1.32	-2%

Notes:

- (a) Increased mainly due to the consolidation of Paul Y. - ITC as subsidiary after the close of the cash offer.
- (b) Increased mainly due to the amortisation of negative goodwill and gain on disposal of listed investments.
- (c) Increased mainly due to the share of results of Downer EDI Limited by Paul Y. - ITC.
- (d) Increased mainly due to the profit for the period and increase of share of translation reserve of associates.

The following proforma income statement has been prepared for reference on the basis as if Paul Y. - ITC was consolidated as a subsidiary for the six months ended 30th September, 2002.

附註：

- (a) 增加主要由於在現金收購建議結束後綜合計算保華德祥為附屬公司。
- (b) 增加主要由於負商譽攤銷及出售上市投資之收益。
- (c) 增加主要由於保華德祥攤佔 Downer EDI Limited 之業績。
- (d) 增加主要由於期內所產生之溢利及攤佔聯營公司之匯兌儲備之增加。

以下備考收入報表乃參照倘保華德祥已於截至二零零二年九月三十日止六個月綜合計算為附屬公司之基準編製。

		(Unaudited) Six months ended 30th September,	
		2003 HK\$'000	2002 HK\$'000 (Proforma)
		(未經審核)	
		截至九月三十日止六個月	
		二零零三年 千港元	二零零二年 千港元 (備考)
Turnover	營業額	1,698,387	2,004,107
Cost of sales	銷售成本	<u>(1,646,834)</u>	<u>(1,938,231)</u>
Gross profit	毛利	51,553	65,876
Other operating income	其他經營收入	51,097	22,676
Administrative expenses	行政開支	<u>(73,648)</u>	<u>(108,760)</u>
Profit (loss) from operations	經營業務所得溢利(虧損)	29,002	(20,208)
Finance costs	財務成本	<u>(21,388)</u>	<u>(33,013)</u>
Investment expenses – net	投資開支 – 淨額	<u>(4,123)</u>	<u>(36,670)</u>
Impairment loss on investment properties	投資物業折損	<u>(15,700)</u>	<u>(16,000)</u>
Allowance for amount due from an associate	應收一間聯營公司款項撥備	<u>(2,424)</u>	–
Loss on dilution of interests in subsidiaries and associates	攤薄附屬公司及聯營公司權益所致之虧損	<u>(3,134)</u>	<u>(3,748)</u>
Share of results of associates	攤佔聯營公司業績	129,325	9,902
Share of results of jointly controlled entities	攤佔共同控制機構業績	<u>7,974</u>	<u>3,280</u>
Profit (loss) before taxation	除稅前溢利(虧損)	119,532	(96,457)
Taxation	稅項	<u>(56,691)</u>	<u>(26,009)</u>
Profit (loss) before minority interests	未計少數股東權益前溢利(虧損)	62,841	(122,466)
Minority interests	少數股東權益	<u>(15,200)</u>	<u>21,093</u>
Profit (loss) for the period	期內溢利(虧損)	<u><u>47,641</u></u>	<u><u>(101,373)</u></u>

REVIEW OF OPERATIONS

Paul Y. - ITC

The Paul Y. - ITC group's principal business includes, building construction, civil engineering, specialist works, property investment as well as manufacturing and trading of construction materials. As at 30th September, 2003, Paul Y. - ITC holds 35.3% interest in Downer EDI Limited and also 31.2% interest in China Strategic Holdings Limited.

Construction sector output in Hong Kong has been declining for a few years due to reducing capital expenditure by both public and private sectors. This has led to severe competition and eroded the Paul Y. - ITC group's gross margin. Consequently the contracting division as well as the construction material division experienced losses in operation. As the Paul Y. - ITC group's work-on-hand is now on an uptrend, gross margin is expected to improve.

During the period, the Paul Y. - ITC group secured new contracts with an aggregate value of approximately HK\$1,799 million, of which some HK\$938 million and some HK\$861 million came from public sector and private sector respectively. The new contracts comprised some HK\$555 million of building construction contracts, some HK\$938 million of civil engineering contracts and some HK\$306 million of specialist works.

As at 30th September, 2003, contracts on hand and the value of work remaining of the Paul Y. - ITC group were HK\$11,792 million and HK\$5,263 million, respectively. The profile of contracts on hand as at 30th September, 2003 is as follows:

		Value of contracts on hand as at 30th September, 2003 HK\$'million 於二零零三年 九月三十日 持有工程合約價值 百萬港元	Value of work remaining as at 30th September, 2003 HK\$'million 於二零零三年 九月三十日 餘下工程價值 百萬港元
Building construction	樓宇建築工程	8,603	3,665
Civil engineering	土木工程	2,021	1,077
Specialist works	專項工程	1,168	521
		11,792	5,263

Subsequent to the period end, the Paul Y. - ITC group secured further new contracts with an aggregate attributable value of approximately HK\$1,349 million including two hotel development construction contracts of some HK\$1,168 million.

For property operation, the Group's investment property portfolio included Paul Y. Centre, the Group's headquarter in Kwun Tong, In-Zone, a shopping arcade in Wanchai and certain investment properties in the Mainland (being the People's Republic of China and, for the purpose of this report, excluding Hong Kong and Macau).

業務回顧

保華德祥

保華德祥集團之主要業務包括樓宇建築工程、土木工程、專項工程、物業投資、建築材料製造及貿易。於二零零三年九月三十日，保華德祥持有 Downer EDI Limited 之 35.3% 權益及中策集團有限公司之 31.2% 權益。

由於公營及私營機構皆縮減資本開支，香港之建築行業產值於過去數年因而不斷下跌，並導致競爭加劇及使保華德祥集團之毛利率受損。因此，建築部門及建築材料部門均錄得經營虧損。由於保華德祥集團所持之工程數目正在增加，故預期毛利率將有所改善。

於本期間內，保華德祥集團取得總值 1,799,000,000 港元之新工程合約，其中約 938,000,000 港元及 861,000,000 港元分別來自公營機構及私營機構。該等新工程合約包括約 555,000,000 港元之樓宇建築工程合約、約 938,000,000 港元之土木工程合約及約 306,000,000 港元之專項工程合約。

於二零零三年九月三十日，保華德祥集團持有之工程合約及餘下工程價值分別為 11,792,000,000 港元及 5,263,000,000 港元。於二零零三年九月三十日，持有工程合約之資料如下：

在本期間結束後，保華德祥集團新取合約應佔總值約 1,349,000,000 港元，包括兩項價值約 1,168,000,000 港元之酒店發展建築工程合約。

在物業業務方面，本集團之投資物業組合包括本集團位於觀塘之總部保華企業中心、國泰新域（一間位於灣仔之商場）及位於國內（就本報告而言，即中華人民共和國，不包括香港及澳門）之若干投資物業。

The overall rental rates of the investment properties had been reduced and the occupancy rate was maintained at a level of around 92% and 72% for Paul Y. Centre and In-Zone at the period end respectively.

For the six months ended 30th September, 2003, Paul Y. - ITC reported a consolidated profit for the period of HK\$29.9 million and its overall after tax contribution to the Group was a profit of HK\$27.7 million.

Strategic Investments

During the six months ended 30th September, 2003, the Group continued to hold significant interests, both directly or indirectly, in a number of companies listed in Hong Kong, Canada, Australia, New Zealand, Singapore, Germany and the United States ("U.S.A.") and also high potential unlisted investments pursuant to its long term strategy of exploring potential investments and enhancing the value of its strategic investments by active participation in or close liaisons with the management of the companies invested by the Group. As at 30th September, 2003, the Group had the following strategic investments:

Listed strategic investments directly held

Hanny Holdings Limited ("Hanny")

Hanny is an investment holding company and the Hanny group is principally engaged in the trading of computer related products and consumer electronic products which comprise the manufacture, distribution and marketing of data storage media (primarily floppy disks, CD-R, CD-RW and DVD); the distribution and marketing of computer accessories, storage media drives, scanners, audio and video cassettes, minidisks, household electronic products and telecommunication accessories; and securities trading. The Hanny group also made strategic investments in information technology, Internet-related, supply of household consumer products and other businesses. For the six months ended 30th September, 2003, Hanny reported a consolidated profit for the period of HK\$10.1 million and its after tax contribution to the Group was a profit of HK\$2.8 million.

Burcon NutraScience Corporation ("Burcon")

Burcon is a research and development company developing a portfolio of composition, application and process patents around its plant protein extraction and purification technology. The goal of Burcon's research is to develop its patented process to utilize inexpensive oilseed meals for the production of purified plant proteins that exhibit valuable nutritional, functional or nutraceutical profiles. Burcon is currently focusing its efforts on developing the world's first commercial canola proteins, namely Puratein® and Supertein™ (the "Products"). Canola, recognised for its nutritional qualities, is Canada's largest oilseed crop and the second-largest oilseed crop in the world after soybeans. Burcon's goal is to develop the Products to participate with soy, dairy and egg proteins in the expanding multi-billion-dollar protein ingredient market, with potential uses in prepared foods, nutritional supplements and personal care products. For the six months ended 30th September, 2003, Burcon's after tax contribution to the Group was a loss of HK\$1.8 million.

儘管期內投資物業之整體租金已經下調，但於本期間結束時，保華企業中心及國泰新城之佔用率仍分別維持在約92%及72%之水平。

截至二零零三年九月三十日止六個月，保華德祥錄得之期內綜合溢利為29,900,000港元，其整體對本集團之除稅後貢獻則為溢利27,700,000港元。

策略性投資

於截至二零零三年九月三十日止六個月內，本集團繼續直接或間接持有於香港、加拿大、澳洲、紐西蘭、新加坡、德國及美利堅合眾國（「美國」）之上市公司及具優厚增長潛力之非上市投資項目之重大權益，以貫徹其物色具潛力投資項目之長遠策略，並透過積極參與管理本集團所投資公司或與有關公司之管理層緊密聯繫以提高本集團之策略性投資項目之價值。於二零零三年九月三十日，本集團之策略性投資項目如下：

直接持有之上市策略性投資項目

錦興集團有限公司（「錦興」）

錦興乃一家投資控股公司，而錦興集團主要從事電腦相關產品及電子消費品貿易，包括生產、分銷及推廣資料儲存媒體產品（主要為軟磁碟、收錄光碟、重寫光碟及數碼視象光碟）、分銷及推廣電腦配件、儲存媒體驅動器、掃描器、影音盒帶、迷你光碟、家居電子產品及電訊配件，以及證券買賣。錦興集團亦在資訊科技、互聯網相關業務、供應家居消費品及其他業務作出策略性投資。於截至二零零三年九月三十日止六個月，錦興錄得之期內綜合溢利為10,100,000港元，其對本集團之除稅後貢獻則為溢利2,800,000港元。

Burcon NutraScience Corporation（「Burcon」）

Burcon為研究開發公司，現正採用植物蛋白質淨化及提取技術發展一系列之合成、應用及加工專利權。Burcon研究之目標是自行開發利用廉宜之油籽粉以生產營養價值高、效能廣泛及有健康效果之淨化植物蛋白質之專利工序。Burcon目前致力發展全球首種商用芥花籽蛋白質 Puratein®及Supertein™（「有關產品」）。公認具備豐富營養價值之油菜籽為加拿大產量最高之油籽穀物及緊隨大豆之後世界第二產量最高之油籽穀物。Burcon之目標是以發展有關產品參與大豆、奶類及蛋類蛋白質在數以十億元計並不斷擴大之蛋白質成份市場，而有關產品更可用於預製食品、營養補充劑及個人護理產品。截至二零零三年九月三十日止六個月，Burcon對本集團之除稅後貢獻為虧損1,800,000港元。

Star East Holdings Limited ("Star East")

Star East is principally engaged in entertainment-related businesses including the production, distribution and licensing of movies, television drama series, documentary and infotainment programmes; the franchising and operation of theme restaurants under the brand names "Planet Hollywood" and "Star East" in Asia Pacific region; strategic investment in M Channel Corporation Limited; talent management, music production, event production and marketing and property investment. For the six months ended 30th September, 2003, Star East reported a consolidated loss of HK\$15.0 million and its after tax contribution to the Group was a loss of HK\$3.8 million.

M Channel Corporation Limited ("M Channel")

M Channel is principally engaged in the out-of-home audio and video media business through the platform of approximately 1,000 public light buses and approximately 160 fixed locations (including those within Watson's the Chemist and fast food chain stores) in Hong Kong and approximately 1,100 public buses in Guangzhou and Harbin. For the period under review, an impairment loss of HK\$3.6 million was recognised by the Group on its investment in M Channel.

Downer EDI Limited ("Downer")

Downer provides comprehensive engineering and infrastructure management services to the public and private power, rail, road, telecommunications, mining and minerals processing sectors in Australia, New Zealand, Asia and the Pacific. Its business consists of four main principal activities namely Downer Engineering (engineering division), Works Infrastructure (infrastructure division), Roche Mining (mining division), and EDI Rail (rail division) that have common core competencies. These core competencies include value-adding skills in design, project and facilities management, operations and maintenance to provide clients with single source solutions.

China Strategic Holdings Limited ("China Strategic")

China Strategic is an investment holding company and the subsidiaries of which are principally engaged in the business of manufacturing, retailing and distribution of Chinese medicine and western pharmaceuticals mainly under the brand name of "Tung Fong Hung" and "Jean-Marie"; and investment in infrastructure projects.

Listed strategic investments indirectly held

Provisions Suppliers Corporation Limited ("PSC")

The PSC group has diversified interests ranging from retailing to manufacturing of food and non-food items. The subsidiaries of PSC are principally engaged in the manufacturing of food and non-food items; the supply of agency products to supermarkets, hotels, institutions and provision shops; the marketing and supply of provisions and food and non-food products; the marketing and distribution of chemical products; healthcare consultancy and hospital management, hospitality business, logistics and education. The PSC group also manages a well established network of franchise stores and possesses various brand names.

China Enterprises Limited ("China Enterprises")

China Enterprises has substantial interests in certain investment holding companies, the subsidiaries of which are principally engaged in the business of manufacturing and marketing of tires in the Mainland and other countries abroad and the business of providing package tours, travel and other related services.

東方魅力集團有限公司 ("東方魅力")

東方魅力主要經營與娛樂事業相關之業務，包括製作、發行電影、電視連續劇、記錄片及資訊娛樂節目以及授出有關之專利權業務；在亞太區特許經營及營運「Planet Hollywood」及「Star East」主題餐廳；於流動廣告有限公司之策略性投資；才藝管理、音樂製作、盛會籌辦及推廣以及物業投資。截至二零零三年九月三十日止六個月，東方魅力錄得之綜合虧損為15,000,000港元，其對本集團之除稅後貢獻則為虧損3,800,000港元。

流動廣告有限公司 ("流動廣告")

流動廣告主要透過在香港約1,000輛公共小巴及在約160個固定地點(包括在屈臣氏及各快餐連鎖店)及在廣州及哈爾濱約1,100輛公共車輛從事戶外影音媒體業務。於回顧期間，本集團已就其於流動廣告之投資確認3,600,000港元之折損。

Downer EDI Limited ("Downer")

Downer為澳洲、紐西蘭、亞洲及太平洋地區之公營及私營電力、鐵路、公路、電訊、礦務及礦物加工行業提供全面之工程及基建管理服務。該公司業務由四項主要分支業務組成，包括Downer Engineering(工程部門)、Works Infrastructure(基建部門)、Roche Mining(採礦部門)及EDI Rail(鐵路部門)之核心業務均極具競爭力。該等核心業務競爭力包括於設計、項目及設施管理、營運及保養等之增值技能，為客戶提供單一來源之解決方案。

中策集團有限公司 ("中策")

中策乃一家投資控股公司，而其附屬公司則主要從事中藥及西藥之生產、零售及分銷(以「東方紅」及「正美」品牌為主)；以及於基建項目之投資。

間接持有之上市策略性投資項目

普威聯營有限公司 ("普威聯營")

普威聯營集團之業務範圍廣泛，經營零售以至食品及非食品項目製造業務。普威聯營之附屬公司主要從事食品及非食品項目製造業務；向超級市場、酒店、機構及糧食店舖供應代理產品；推廣及供應糧食及食品及非食品產品；推廣及分銷化工產品；保健諮詢及醫院管理、款待業務、物流及教育。普威聯營集團亦管理一個完善之特許經營權店舖網絡並擁有多個品牌。

China Enterprises Limited ("China Enterprises")

China Enterprises於若干投資控股公司持有重大權益。該等公司之附屬公司之主要業務為在國內及其他海外國家生產及銷售輪胎，並從事提供旅遊團、旅遊及其他相關服務之業務。

MRI Holdings Limited ("MRI")

Given of the substantial financial resources, MRI has continued to investigate investment opportunities and has culminated in an investment in an integrated fruit growing, packing and export operation based in the southwest of Western Australia by way of a convertible note.

Dong Fang Gas Holdings Limited ("Dong Fang Gas")

In addition to its existing businesses in the manufacturing and the trading of building materials and the trading of marketable securities and derivatives, the Dong Fang Gas group has shown its dedication to the energy-related businesses by acquiring certain interests in a company which has been engaged in the business of natural gas supply, storage and related services with a view to realise the premium market in this sector.

Wing On Travel (Holdings) Limited ("Wing On Travel") (formerly Ananda Wing On Travel (Holdings) Limited)

Wing On Travel group is principally engaged in the provision of package tours, travel and other related services and also has a substantial interest in a hotel chain branded under the name of "Rosedale" in the Mainland and Hong Kong and is one of the most experienced and largest local travel agency. Wing On Travel is a well-known expert in the travel industry having extensive experience in marketing and promoting tour business with far-reaching global network and connections in tour operation.

The Group's interests in listed subsidiary and strategic investments are summarised below:

Listed subsidiary and strategic investments directly held

MRI Holdings Limited ("MRI")

由於坐擁龐大財務資源，MRI不斷物色策略投資機會，並已透過可換股票據方式，投資於西澳洲西南部一項綜合鮮果種植、包裝及出口業務。

東方燃氣集團有限公司 ("東方燃氣")

除從事現有之建築材料製造及貿易、買賣有價證券及衍生金融工具等業務外，東方燃氣集團已透過收購一家從事天然氣供應、儲存及相關服務業務之公司之若干權益，致力發展其天然氣業務，期望能夠在有關市場得到美好收穫。

永安旅遊(控股)有限公司 ("永安旅遊") (前稱 辰達永安旅遊(控股)有限公司)

永安旅遊集團主要從事提供旅遊團、旅遊及其他相關業務，亦擁有在國內及香港以「珀麗」名稱經營之連鎖酒店之重大權益。永安旅遊為其中一間最富經驗及最大規模的本地旅行社之一，並為旅遊行業之專家，於推廣及宣傳旅遊業務方面擁有豐富經驗，且在旅遊營運方面擁有無遠弗屆之全球網絡及聯繫。

本集團於上市附屬公司及策略性投資項目之權益概述如下：

直接持有之上市附屬公司及策略性投資項目

Shareholding percentage		股權百分比	
Name of investee company	Place of listing	As at 30th September, 2003 於二零零三年九月三十日	As at the date of this report 於本報告刊登日期
所投資公司之名稱	上市地點		
Paul Y. - ITC 保華德祥	Hong Kong Stock Exchange 香港聯交所	63.9%	64.3%
Hanny 錦興	Hong Kong Stock Exchange 香港聯交所	28.3%	28.6%
Burcon	TSX Venture Exchange and Frankfurt Stock Exchange TSX Venture Exchange及 法蘭克福證券交易所	25.1%	25.1%
Star East 東方魅力	Hong Kong Stock Exchange 香港聯交所	26.1%	19.2%
M Channel 流動廣告	The Growth Enterprise Market of Hong Kong Stock Exchange 香港聯交所創業板	27.1% <i>Effective interest</i> (Note a) 實際權益 (附註a)	25.2% <i>Effective interest</i> (Note a) 實際權益 (附註a)
Downer	Australian Stock Exchange and New Zealand Stock Exchange 澳洲證券交易所及 新西蘭證券交易所	22.6% <i>Effective interest</i> (Note b) 實際權益 (附註b)	13.7% <i>Effective interest</i> (Note b) 實際權益 (附註b)
China Strategic 中策	Hong Kong Stock Exchange 香港聯交所	28.7% <i>Effective interest</i> (Note c) 實際權益 (附註c)	29.0% <i>Effective interest</i> (Note c) 實際權益 (附註c)

Listed strategic investments indirectly held

間接持有之上市策略性投資項目

Name of investee company	Place of listing	Effective interest 實際權益	
		As at 30th September, 2003 於二零零三年九月三十日	As at the date of this report 於本報告刊發日期
PSC 普威聯營	Singapore Exchange Securities Trading Limited 新加坡證券交易所	7.8% (Note d) (附註d)	7.9% (Note d) (附註d)
China Enterprises	OTC Bulletin Board, U.S.A. 美國場外交易議價板	15.9% (Note e) (附註e)	16.0% (Note e) (附註e)
MRI	Australian Stock Exchange 澳洲證券交易所	16.5% (Note e) (附註e)	16.6% (Note e) (附註e)
Dong Fang Gas 東方燃氣	Hong Kong Stock Exchange 香港聯交所	12.4% (Note e) (附註e)	12.5% (Note e) (附註e)
Wing On Travel 永安旅遊	Hong Kong Stock Exchange 香港聯交所	5.1% (Note f) (附註f)	5.2% (Note f) (附註f)

Notes:

- (a) The effective interest of the Group represents its direct interest of 18.8% and indirect interest held through the Group's direct interest in Star East and effective interest in China Strategic.
- (b) The Group's interest is held through its direct interest in Paul Y. - ITC.
- (c) The Group's interest is held through its direct interests in Paul Y. - ITC and Hanny.
- (d) The Group's interest is held through its direct interest in Hanny.
- (e) The Group's interest is held through its effective interest in China Strategic.
- (f) The Group's interest is held through its indirect interest in China Enterprises.

附註：

- (a) 本集團之權益乃指其18.8%直接權益及透過本集團於東方魅力之直接權益及中策之實際權益而持有之實際權益。
- (b) 本集團之權益透過其於保華德祥之直接權益持有。
- (c) 本集團之權益透過其於保華德祥及錦興之直接權益持有。
- (d) 本集團之權益透過其於錦興之直接權益持有。
- (e) 本集團之權益透過其於中策之實際權益持有。
- (f) 本集團之權益透過其於China Enterprises之間接權益持有。

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. A variety of credit facilities is maintained to meet its working capital requirements. Cash, bank balances and deposits as at 30th September, 2003 amounted to approximately HK\$284.1 million. As at 30th September, 2003, the Group had bank borrowings of approximately HK\$811.4 million and other loans of approximately HK\$139.8 million of which HK\$159.2 million and HK\$139.8 million, respectively, are repayable within one year or on demand. The convertible notes in an aggregate principal amounts of HK\$392.5 million will be redeemed on 3rd March, 2006 (or the next following business day if it is not a business day) unless previously converted, redeemed or purchased and cancelled.

流動資金及財務資源

本集團在整體業務運作方面採取審慎理財政策。本集團維持多項可供隨時提用之信貸以應付營運資金需求。於二零零三年九月三十日，本集團之現金、銀行結餘及存款約為284,100,000港元。於二零零三年九月三十日，本集團之銀行借款約為811,400,000港元，而其他貸款則約為139,800,000港元，其中須於一年內償還或按通知償還之部份分別約159,200,000港元及約139,800,000港元。除非先前獲兌換、贖回或購買及註銷，否則本金額合共392,500,000港元之可換股票據將會在二零零六年三月三日（如當日並非辦公日，則在隨後之辦公日）贖回。

Approximately 95.5% of the Group's borrowings are at floating interest rates and the Group's current ratio was 1.29 as at 30th September, 2003.

EXCHANGE RATE EXPOSURE

As at 30th September, 2003, approximately 9.8% of the cash, bank balances and deposits were in other currencies and only 0.9% of the Group's total borrowings of HK\$1,343.0 million was denominated in Canadian dollars. The Canadian dollars denominated borrowings are directly tied in with the Group's business in Canada.

GEARING RATIO

The Group's gearing ratio, which was calculated using the Group's net borrowings of HK\$1,058.9 million and the shareholders' funds of HK\$1,288.7 million, was 82.2% as at 30th September, 2003 as compared to 91.2% as at 31st March, 2003.

PLEDGE OF ASSETS

As at 30th September, 2003, certain of the Group's properties, investment in an associate, investment securities and debtors with an aggregate carrying value of approximately HK\$1,289.4 million and its benefits under certain construction contracts and the interests in certain issued shares of subsidiaries of the Company were pledged to banks and financial institutions to secure general facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30th September, 2003, the Group has contingent liabilities in respect of outstanding performance bonds on construction contracts and financial support given to an investee company of HK\$769.2 million and HK\$1.2 million, respectively.

EMPLOYEE AND REMUNERATION POLICY

As at 30th September, 2003, the Group employed a total of approximately 1,300 employees. The Group recruits and promotes individuals based on merit and their development potentials for the positions offered. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. The Group also offers other benefits to employees including training, provident funds and medical coverage. Share option schemes are also established for the eligible employees but no share option was granted during the period.

在本集團之借款中，約95.5%乃按浮動息率計息。於二零零三年九月三十日，本集團之流動比率為1.29。

匯兌風險

於二零零三年九月三十日，約9.8%之現金、銀行結餘及存款乃以其他國家貨幣為單位，而在本集團1,343,000,000港元之借款總額中，僅有0.9%乃以加拿大元為單位。該等加拿大元借款與本集團之加拿大業務有直接關連。

資產負債比率

按本集團之借款淨額1,058,900,000港元及股東資金1,288,700,000港元計算，本集團於二零零三年九月三十日之資產負債比率為82.2%，而於二零零三年三月三十一日之有關比率則為91.2%。

資產抵押

於二零零三年九月三十日，本集團賬面總值約1,289,400,000港元之若干物業、聯營公司投資、投資證券及應收賬款，以及其於若干建築工程之利益及於本公司之附屬公司之若干已發行股份權益均已抵押予銀行及財務機構，為本集團取得一般信貸。

或然負債

於二零零三年九月三十日，本集團就仍然有效之建築合約履約擔保書及向一間所投資公司提供財政支援之或然負債分別有約769,200,000港元及1,200,000港元。

僱員及酬金政策

於二零零三年九月三十日，本集團聘用約共1,300名僱員。本集團乃按個別人士出任職位之能力及發展潛力招聘及晉升員工。員工酬金乃取決於員工之表現及市場當時之薪金水平。本集團亦提供其他福利予僱員，包括培訓、公積金及醫療保障計劃。購股權計劃乃為合資格僱員設立，惟期內並無授出任何購股權。

MAJOR EVENTS

Making of cash offers to acquire all the issued shares in, and warrants of, China Strategic by Paul Y. - ITC and Hanny

In July 2003, the Company, Paul Y. - ITC and Hanny jointly announced that Paul Y. - ITC and Hanny would make a voluntary conditional general cash offer for the shares and share warrants of China Strategic, other than those owned by Paul Y. - ITC and Hanny and parties acting in concert with them, and to cancel all the outstanding share options of China Strategic. Upon the closure of the offer in September 2003, the Group, through Paul Y. - ITC, holds approximately, 31.2% interest in shares in China Strategic and as a result, China Strategic becomes an associate of the Group.

Placing of Downer ordinary shares

Subsequent to the period end, Paul Y. - ITC has arranged for placing of in aggregate of 28.75 million Downer ordinary shares (adjusted by the consolidation of four ordinary shares in Downer into one Downer ordinary share on 28th November, 2003) to independent third parties which raised, before tax and expenses, approximately A\$104.1 million (approximately HK\$587.8 million). In addition, the preference shareholders of Downer have exercised their rights to convert the preference shares to 32.5 million Downer ordinary shares. As a result of the placing and dilution due to the conversion of preference shares, the shareholding of Paul Y. - ITC in Downer has decreased to 21.3% as at the date of this report.

SECURITIES IN ISSUE

As at the date of this report, the total number of issued ordinary shares of the Company is 630,960,774.

OUTLOOK

During the period under review, the devastating outbreak of Severe Acute Respiratory Syndrome have dampened the Hong Kong economy. Although there are signs of improvement after July, the overall rehabilitation of economy has still yet to be confirmed. Nevertheless, the Closer Economic Partnership Arrangement ("CEPA") between the Mainland and Hong Kong are expected to be able to spur overseas investment in Hong Kong and drive economic recovery. With the persistent high growth in Mainland's GDP, Hong Kong should be able to benefit from the arrangements. The Group will focus more on the Mainland and believes that CEPA can provide the Group an alternative way for exploring the market in the Mainland. The Group will build on its existing assets base with stringent cost control measures so as to maintain a sound financial management and pursue its long-term strategy under a prudent investment and development policy to explore high potential investments and attractive business opportunities. The Group will remain confident to meet future challenges by taking advantage of the new opportunities lying ahead with its strong financial foundation and diversified investment portfolio.

重大事項

由保華德祥及錦興就收購中策之全部已發行股份及認股權證而提出之現金收購建議

於二零零三年七月，本公司、保華德祥與錦興聯合公佈，保華德祥及錦興將會提出一項自願有條件全面現金收購建議，收購中策之股份及認股權證（不包括保華德祥與錦興及與其行動一致之人士擁有之有關股份及認股權證），並註銷全部尚未行使之購股權。當該等收購建議於二零零三年九月結束時，本集團透過保華德祥持有中策股份約31.2%權益，因此中策成為本集團之聯營公司。

配售 Downer 普通股

於本期間結束後，保華德祥已安排配售合共 28,750,000 股 Downer 普通股（就於二零零三年十一月二十八日將由四股 Downer 之普通股合併為一股 Downer 普通股作出調整）予獨立第三者，並籌措（未計稅項及開支）約 104,100,000 澳元（約 587,800,000 港元）。此外，Downer 之優先股股東亦行使彼等之權利將優先股轉換為 32,500,000 股 Downer 普通股。因進行配售加上持有人行使優先股轉換權造成攤薄影響，保華德祥於 Downer 之股權已減少至本報告日期之 21.3%。

已發行之證券

於本報告刊登日期，本公司之已發行普通股總數為 630,960,774 股。

展望

於回顧期間內，嚴重急性呼吸系統綜合症爆發，對香港經濟造成沉重打擊。雖然有跡象顯示七月後之經濟情況已有所改善，但經濟能否全面復甦目前尚未能確定。然而，預期國內與香港兩地訂立之更緊密經貿關係安排（「更緊密經貿關係安排」）將會鼓勵外地對香港投資及振興香港經濟。隨著國內之生產總值持續高增長，香港應能受惠於此安排。本集團將會更加專注於發展國內業務，亦相信更緊密經貿關係安排能為本集團提供另一種開拓國內市場之渠道。本集團將於其資產基礎上發展，採取嚴謹之成本控制措施，維持穩健之理財政策，以及根據審慎之投資及發展政策，實現其物色優厚潛力投資項目及理想商機之長遠策略。本集團仍然深信配合其雄厚財務基礎及多元化投資組合，本集團將可迎接未來之挑戰及掌握日後出現之商機。