



GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED

金源米業國際有限公司

| Incorporated in Bermuda with Limited Liability |

I N T E R I M R E P O R T 2 0 0 3 / 2 0 0 4



INTERIM REPORT 2003 / 2004

SUMMARY OF INTERIM RESULTS

The Directors of Golden Resources Development International Limited (“the Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (“the Group”) for the six months ended 30th September, 2003 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th September,	
		2003	2002
		(Unaudited)	(Unaudited)
		(As restated)	(As restated)
	<i>Notes</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Turnover	3	435,453	376,712
Cost of sales		(352,932)	(236,176)
Gross profit		<u>82,521</u>	<u>140,536</u>
Surplus (deficit) on revaluation of investments in securities		8,291	(11,906)
Other operating income		3,865	4,514
Selling and distribution costs		(15,347)	(15,496)
Administrative expenses		(55,942)	(57,554)
Profit from operations	3, 4	<u>23,388</u>	<u>60,094</u>
Finance costs		(531)	(590)
Share of results of associates		7,151	(13,963)
Profit before taxation		<u>30,008</u>	<u>45,541</u>
Taxation	5	(4,811)	(11,386)
Profit after taxation		<u>25,197</u>	<u>34,155</u>
Minority interests		1,404	(244)
Net profit for the period		<u><u>26,601</u></u>	<u><u>33,911</u></u>
Dividend	6	<u>16,194</u>	<u>19,401</u>
Interim dividend per share		<u>1.25 cents</u>	<u>1.5 cents</u>
Earnings per share	7		
– Basic		<u>2.1 cents</u>	<u>2.6 cents</u>
– Diluted		<u>2.0 cents</u>	<u>2.6 cents</u>

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CONDENSED CONSOLIDATED BALANCE SHEET

		30th September, 2003 (Unaudited)	31st March, 2003 (Audited) (As restated)
	<i>Notes</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		173,614	206,939
Investment properties		59,160	26,830
Goodwill		–	–
Interests in associates		183,458	166,220
Investments in securities		96,766	66,608
Advances to investee companies		47,801	49,161
		<u>560,799</u>	<u>515,758</u>
CURRENT ASSETS			
Inventories		59,006	61,616
Trade debtors	8	35,971	42,085
Other debtors, deposits and prepayments		114,758	55,182
Investments in securities		102,560	148,563
Time deposits, bank balances and cash		157,275	195,461
		<u>469,570</u>	<u>502,907</u>
CURRENT LIABILITIES			
Trade creditors	9	11,871	10,791
Other creditors and accruals		21,998	25,121
Provision for taxation		12,759	13,728
Borrowings – due within one year		34,421	27,291
		<u>81,049</u>	<u>76,931</u>
NET CURRENT ASSETS		<u>388,521</u>	<u>425,976</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>949,320</u>	<u>941,734</u>
NON-CURRENT LIABILITIES			
Borrowings - due after one year		2,880	3,058
Deferred taxation		12,894	12,061
Advances from minority shareholders		13,185	13,765
		<u>28,959</u>	<u>28,884</u>
MINORITY INTERESTS		<u>13,163</u>	<u>16,775</u>
		<u>907,198</u>	<u>896,075</u>
CAPITAL AND RESERVES			
Share capital	10	129,405	129,257
Reserves	11	777,793	766,818
		<u>907,198</u>	<u>896,075</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		For the six months ended	
		30th September,	
		2003	2002
		(Unaudited)	(Unaudited)
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Total shareholders' equity, at 1st April			
– as originally stated		905,266	894,768
– prior period adjustments on adoption of SSAP 12 (Revised)		(9,191)	(9,564)
		<hr/>	<hr/>
– as restated		896,075	885,204
Exchange adjustments less minority interests	11	17	850
Share of exchange adjustments of associates	11	1,137	583
Effect of increase in tax rate	11	(862)	–
		<hr/>	<hr/>
Net gains not recognised in the income statement		292	1,433
Issue of new shares			
– Share capital	10	148	387
– Share premium	11	251	658
		<hr/>	<hr/>
		399	1,045
Net profit for the period, as restated	11	26,601	33,911
Prior year final dividend paid	11	(16,168)	(25,839)
Adjustment of final dividend for prior year	11	(1)	(12)
		<hr/>	<hr/>
Total shareholders' equity, at 30th September			
– as restated		907,198	895,742
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	30th September,	
	2003	2002
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in) generated from operating activities	(14,116)	70,880
Net cash used in investing activities	(11,933)	(19,704)
Net cash used in financing activities	(12,137)	(35,560)
Net (decrease) increase in cash and cash equivalents	<u>(38,186)</u>	<u>15,616</u>
Cash and cash equivalents at 1st April	195,461	293,131
Cash and cash equivalents at 30th September	<u>157,275</u>	<u>308,747</u>
Analysis of the balances of cash and cash equivalents		
Time deposits, bank balances and cash	<u>157,275</u>	<u>308,747</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the six months ended 30th September, 2003
1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 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 on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

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

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

Income Taxes

In the current interim period, the Group has adopted SSAP 12 (Revised) "Income Taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any special transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for prior periods have been restated accordingly. As a result of this change in policy, the opening balance on retained earnings at 1st April, 2003 has been increased by HK\$3,871,000 (1st April, 2002: HK\$3,498,000). The balance on the Group's land and buildings revaluation reserve at 1st April, 2003 has been decreased by HK\$13,062,000 (1st April, 2002: HK\$13,062,000). The profit for the six months ended 30th September, 2003 has been increased by HK\$204,000 (six months ended 30th September, 2002: HK\$186,000).

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

An analysis of the Group's segment information by business and geographical segments is as follows:

Business segments

Income statement for the six months ended 30th September, 2003

	Rice operation HK\$ '000	Warehouse operation HK\$ '000	Securities investment HK\$ '000	Property investment HK\$ '000	Corporate and others HK\$ '000	Eliminations HK\$ '000	Consolidated HK\$ '000
TURNOVER							
External sales	311,409	879	122,478	687	–	–	435,453
Inter-segment sales	–	11,634	–	–	–	(11,634)	–
Total	311,409	12,513	122,478	687	–	(11,634)	435,453

Inter-segment sales are charged at prevailing market prices.

RESULT

Segment results	20,148	76	2,802	(706)	1,068	–	23,388
Finance costs							(531)
Share of results of associates	(727)	–	5,330	(18)	2,566	–	7,151
Profit before taxation							30,008
Taxation							(4,811)
Profit after taxation							25,197
Minority interests							1,404
Net profit for the period							26,601

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Income statement for the six months ended 30th September, 2002, as restated

	Rice operation <i>HK\$ '000</i>	Warehouse operation <i>HK\$ '000</i>	Securities investment <i>HK\$ '000</i>	Property investment <i>HK\$ '000</i>	Corporate and others <i>HK\$ '000</i>	Eliminations <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
TURNOVER							
External sales	327,452	13,960	34,699	601	–	–	376,712
Inter-segment sales	–	7,092	–	–	–	(7,092)	–
Total	327,452	21,052	34,699	601	–	(7,092)	376,712

Inter-segment sales are charged at prevailing market prices.

RESULT							
Segment results	64,254	4,123	(10,933)	(91)	2,741	–	60,094
Finance costs							(590)
Share of results of associates	(608)	–	(12,338)	(31)	(986)	–	(13,963)
Profit before taxation							45,541
Taxation							(11,386)
Profit after taxation							34,155
Minority interests							(244)
Net profit for the period							33,911

Geographical segments

The Group's operations are located in Hong Kong, elsewhere in the People's Republic of China (the "PRC") and other regions.

The following table provides an analysis of the Group's sales by location of markets, irrespective of the origin of the goods/services:

	Turnover by geographical markets For the six months ended 30th September,	
	2003 <i>HK\$ '000</i>	2002 <i>HK\$ '000</i>
Hong Kong	361,257	321,251
Elsewhere in the PRC	36,748	33,339
Others	37,448	22,122
	435,453	376,712

4. PROFIT FROM OPERATIONS

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

	For the six months ended 30th September,	
	2003 HK\$'000	2002 HK\$'000
Depreciation and amortisation of property, plant and equipment	6,707	6,530
Interest income	(2,613)	(3,495)
Dividend income from listed investments in securities	(467)	(221)
	<u> </u>	<u> </u>

5. TAXATION

	For the six months ended 30th September,	
	2003 HK\$'000	2002 (As restated) HK\$'000
The charge comprises:		
The Company and subsidiaries		
Hong Kong Profits Tax	4,291	11,229
PRC Tax	225	14
	<u> </u>	<u> </u>
	4,516	11,243
Deferred tax credit	(29)	(232)
	<u> </u>	<u> </u>
	4,487	11,011
Share of tax attributable to associates	324	375
	<u> </u>	<u> </u>
	<u>4,811</u>	<u>11,386</u>

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profit for the period. Provision of taxation for the profits from PRC operations has been made in accordance with the laws of the PRC.



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6. DIVIDEND

	For the six months ended 30th September,	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared of 1.25 cents per share on 1,295,425,460 shares (2002: 1.5 cents per share on 1,292,570,460 shares)	16,193	19,389
Adjustment of final dividend for prior year resulting from exercise of share options	1	12
	<u>16,194</u>	<u>19,401</u>

7. EARNINGS PER SHARE

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

	For the six months ended 30th September,	
	2003	2002
	<i>HK\$'000</i>	<i>(As restated) HK\$'000</i>
Earnings for the purposes of both basic and diluted earnings per share	<u>26,601</u>	<u>33,911</u>
	For the six months ended 30th September,	
	2003	2002
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	1,293,146,744	1,291,491,258
Effect of dilutive potential shares – Options	<u>9,412,478</u>	<u>30,647,520</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>1,302,559,222</u>	<u>1,322,138,778</u>

8. TRADE DEBTORS

The Group allows an average credit period of 30-60 days to its trade customers. The following is an aged analysis of trade debtors at the balance sheet date:

	30th September, 2003	31st March, 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	23,297	26,064
31-60 days	9,807	7,718
61-90 days	840	3,524
Over 90 days	2,027	4,779
	<u>35,971</u>	<u>42,085</u>

9. TRADE CREDITORS

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

	30th September, 2003	31st March, 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	4,372	3,528
31-60 days	3,632	2,017
61-90 days	24	686
Over 90 days	3,843	4,560
	<u>11,871</u>	<u>10,791</u>

10. SHARE CAPITAL

	Number of shares of HK\$0.10 each	<i>HK\$'000</i>
Authorised:		
At 1st April, 2002, 31st March, 2003 and 30th September, 2003	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1st April, 2002	1,288,701,460	128,870
Exercise of share options	3,869,000	387
	<u>1,292,570,460</u>	<u>129,257</u>
At 31st March, 2003	1,292,570,460	129,257
Exercise of share options	1,480,000	148
	<u>1,294,050,460</u>	<u>129,405</u>
At 30th September, 2003	<u>1,294,050,460</u>	<u>129,405</u>

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11. RESERVES

	Share premium HK\$'000	Goodwill reserve HK\$'000	Capital redemption reserve HK\$'000	Land and buildings revaluation reserve HK\$'000	Exchange reserve HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st April, 2002								
– as originally stated	383,805	(26,684)	515	81,900	(2,000)	25,839	302,523	765,898
– prior period adjustments on adoption of SSAP 12 (Revised)	–	–	–	(13,062)	–	–	3,498	(9,564)
– as restated	383,805	(26,684)	515	68,838	(2,000)	25,839	306,021	756,334
Exchange adjustments less minority interests	–	–	–	–	870	–	–	870
Share of exchange adjustments of associates	–	–	–	–	777	–	–	777
Premium arising from the issue of new shares	658	–	–	–	–	–	–	658
Eliminated on disposal of a subsidiary	–	–	–	–	(150)	–	–	(150)
Eliminated on deemed disposal of an associate	–	3,882	–	–	–	–	–	3,882
Net profit for the year, as restated	–	–	–	–	–	–	49,687	49,687
Prior year final dividend paid	–	–	–	–	–	(25,839)	–	(25,839)
Adjustment of final dividend for the year ended 31st March, 2002	–	–	–	–	–	–	(12)	(12)
Interim dividend paid	–	–	–	–	–	–	(19,389)	(19,389)
Final dividend proposed for the year ended 31st March, 2003	–	–	–	–	–	16,168	(16,168)	–
At 31st March, 2003								
– as restated	384,463	(22,802)	515	68,838	(503)	16,168	320,139	766,818
Exchange adjustments less minority interests	–	–	–	–	17	–	–	17
Share of exchange adjustments of associates	–	–	–	–	1,137	–	–	1,137
Effect of increase in tax rate	–	–	–	(862)	–	–	–	(862)
Premium arising from the issue of new shares	251	–	–	–	–	–	–	251
Net profit for the period	–	–	–	–	–	–	26,601	26,601
Prior year final dividend paid	–	–	–	–	–	(16,168)	–	(16,168)
Adjustment of final dividend for the year ended 31st March, 2003	–	–	–	–	–	–	(1)	(1)
Interim dividend	–	–	–	–	–	16,193	(16,193)	–
At 30th September, 2003	384,714	(22,802)	515	67,976	651	16,193	330,546	777,793

12. RELATED PARTY TRANSACTIONS

During the period from 1st April, 2003 to 30th September, 2003, the Group had trade purchases from associates amounted to approximately HK\$104,865,000 (2002: HK\$2,574,000). The purchases were carried out in the ordinary course of business and at prices determined by reference to prevailing market price.

Details of balance with a related company, which is a minority shareholder holding approximately 5.55% shareholding in a subsidiary and included in other debtors, deposits and prepayments at balance sheet date amounted to HK\$5,900,000 (31st March, 2003: HK\$5,900,000), of which HK\$2,900,000 (31st March, 2003: HK\$2,900,000) bears interest at the best lending rate minus 1% and is secured by a property owned by that related company. The remaining balance of HK\$3,000,000 (31st March, 2003: HK\$3,000,000) bears interest at the best lending rate minus 2% and is secured by certain shares of another company. The balance is repayable on demand.

Interests in associates included advances to associates of HK\$76,526,000 as at 30th September, 2003 (31st March, 2003: HK\$77,635,000):

- a) Included in advances to associates is an amount of HK\$16,000,000 (31st March, 2003: HK\$16,000,000) which bears interest at prime rate. The amount is unsecured and will not be repayable in the coming twelve months.
- b) Included in advances to associates is an amount of approximately HK\$5,300,000 (31st March, 2003: HK\$5,300,000) which has been secured by certain shares of another associate. The amount is interest-free and will not be repayable in the coming twelve months.
- c) The remaining balance of advances to associates is unsecured, interest-free and will not be repayable in the coming twelve months.

During the period from 1st April, 2003 to 30th September, 2003, the Group rented a property owned by a landlord in which the Director of the Company, Mr. Alvin LAM Kwing Wai had a beneficial interest. Total rental expenses incurred for the period amounted to HK\$390,000 (2002: HK\$390,000).

In addition to the above, the Group also provided guarantees to banks in respect of banking facilities granted to associates and investee companies as set out in note 13(b).

13. COMMITMENTS AND CONTINGENT LIABILITIES

At the following reporting dates, the commitments and contingent liabilities not provided for in the financial statements are as follows:



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	30th September, 2003 <i>HK\$ '000</i>	31st March, 2003 <i>HK\$ '000</i>
(a) Contracted capital commitments:		
Acquisition of property, plant and equipment	1,150	619
Contribution to an investee company	20,400	20,400
	<u>21,550</u>	<u>21,019</u>
(b) Contingent liabilities		
Guarantees given in respect of banking facilities made available to:		
– associates	66,438	74,258
– investee companies	13,014	8,760
	<u>79,452</u>	<u>83,018</u>

The extent of banking facilities utilised by the associates and investee companies as at 30th September, 2003 amounted to approximately HK\$27,581,000 (31st March, 2003: HK\$21,019,000) and HK\$13,014,000 (31st March, 2003: HK\$8,760,000) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has cash balance of HK\$157 million as at 30th September, 2003. As at 30th September, 2003, the Group has approximately HK\$30 million of bank loans and HK\$7 million of other loan outstanding, representing an increase of HK\$7 million as compared with the amounts outstanding at 31st March, 2003. With cash and other current assets of HK\$470 million as at 30th September, 2003 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

BUSINESS REVIEW AND PROSPECTS

The local rice industry has been facing competitive situation since the liberalization of Hong Kong rice market at the beginning of the year 2003. Industry consolidation is in the process under which the efficient players will survive in the market. Despite the sustained market consolidation, Golden Resources continues to reinforce its leading position by continuously sharpening the operating efficiencies within the Group. We believe that the leading players like ourselves, through effective management and measures, will benefit in the consolidation process.

Golden Resources is committed to Total Quality Management. We continuously uphold a high quality standard on our products and services to customers. Our recent attainment of the upgraded version of ISO certification recognizes our relentless pursuit of quality management. Meanwhile, we have also obtained the renowned HACCP (Hazard Analysis and Critical Control Points) certification, a complete food safety management system. Our accreditation of HACCP certification is the first of its kind in the Hong Kong rice industry and also serves to further recognize our commitment to product excellence.

Our core business expansion in the Mainland China has been progressing steadily. We target at the Pearl River Delta region to act as the platform to penetrate this vast rice market. We believe that we have laid a strong foundation in the Mainland China for long term sustainable core business and development growth.

Golden Resources' financial position remains very healthy. With our strong balance sheet, ample cash reserves and net operating cash inflows, Golden Resources is well positioned to capitalize on the investment opportunities ahead. In the meantime, the Group has actively rationalized its investment portfolio to create better value and returns for the shareholders.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.25 cents per share for the year ending 31st March, 2004 (2002/2003: 1.5 cents per share) to shareholders on the Register of Members of the Company on Friday, 9th January, 2004.

It is expected that cheques for the interim dividend will be despatched to those entitled thereto on or about Friday, 16th January, 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 5th January, 2004 to Friday, 9th January, 2004, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Standard Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 2nd January, 2004.

DISCLOSURE OF INTERESTS

1. Directors' Interests

As at 30th September, 2003, the directors and their associates have the following interest in shares (which are all long positions), underlying shares and debentures of the Company or any 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 were as follows:

Name of Director	Number of ordinary shares beneficially held in the Company		Number of non-voting deferred shares beneficially held in the subsidiaries
	Personal interests	Family interests	Personal interests
Mr. David LAM Kwing Chan	7,935,000	–	260,000 (Note 1) 13,000 (Note 2)
Mr. Alvin LAM Kwing Wai	42,500,000 (Note 3)	6,000,000 (Note 4)	260,000 (Note 1) 13,000 (Note 2)
Madam Rosita YUEN LAM Kit Woo	25,000,000 (Note 5)	–	–
Mr. Laurent LAM Kwing Chee	25,000,000 (Note 6)	–	–
Mr. TSANG Siu Hung	1,876,000 (Note 7)	–	–

Notes:

- (1) Mr. David LAM Kwing Chan and Mr. Alvin LAM Kwing Wai were each beneficially interested in 260,000 non-voting deferred shares of Golden Resources Development Limited.
- (2) Mr. David LAM Kwing Chan and Mr. Alvin LAM Kwing Wai were each beneficially interested in 13,000 non-voting deferred shares of Yuen Loong & Company Limited.
- (3) The personal interest of Mr. Alvin LAM Kwing Wai comprises 17,500,000 ordinary shares and 25,000,000 underlying shares in respect of share options granted by the Company to him, the details of which are stated in the following section Share Options granted to Directors and Employees.
- (4) The family interests of 6,000,000 shares represent the interests of the wife of Mr. Alvin LAM Kwing Wai.

- (5) The personal interest of Madam Rosita YUEN LAM Kit Woo represents 25,000,000 underlying shares in respect of share options granted by the Company to her, the details of which are stated in the following section Share Options granted to Directors and Employees.
- (6) The personal interest of Mr. Laurent LAM Kwing Chee represents 25,000,000 underlying shares in respect of share options granted by the Company to him, the details of which are stated in the following section Share Options granted to Directors and Employees.
- (7) The personal interest of Mr. TSANG Siu Hung represents 1,876,000 underlying shares in respect of share options granted by the Company to him, the details of which are stated in the following section Share Options granted to Directors and Employees.

Save as disclosed above, no directors, chief executive or their associates had any interest or short position in the shares or underlying shares of 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 of Hong Kong Limited pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules.

2. Share Options granted to Directors and Employees

As at 30th September, 2003, details of share options granted to the Directors and Employees under the existing Share Option Scheme of the Company were as follows:

	Option grant date	Exercise price HK\$	Balance outstanding as at 1st April, 2003	Exercised during the period	Lapsed during the period	Balance outstanding as at 30th September, 2003
Directors						
Mr. Alvin LAM	12th January, 2001	0.26	9,000,000	–	–	9,000,000
Kwing Wai	28th August, 2001	0.30	16,000,000	–	–	16,000,000
Madam Rosita YUEN	12th January, 2001	0.26	15,000,000	–	–	15,000,000
LAM Kit Woo	28th August, 2001	0.30	10,000,000	–	–	10,000,000
Mr. Laurent LAM	12th January, 2001	0.26	15,000,000	–	–	15,000,000
Kwing Chee	28th August, 2001	0.30	10,000,000	–	–	10,000,000
Mr. TSANG Siu Hung	30th January, 2001	0.27	1,876,000	–	–	1,876,000
Total Directors			76,876,000	–	–	76,876,000

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	Option grant date	Exercise price HK\$	Balance outstanding as at 1st April, 2003	Exercised during the period	Lapsed during the period	Balance outstanding as at 30th September, 2003
Employees						
	12th January, 2001	0.26	15,000,000	–	–	15,000,000
	30th January, 2001	0.27	14,185,000	(1,480,000)	(1,125,000)	11,580,000
	28th August, 2001	0.30	10,000,000	–	–	10,000,000
Total Employees			39,185,000	(1,480,000)	(1,125,000)	36,580,000
Grand Total			116,061,000	(1,480,000)	(1,125,000)	113,456,000

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise Price HK\$
12th January, 2001	–	12th January, 2001 – 4th January, 2007	0.26
30th January, 2001	30th January, 2001 – 29th January, 2002	30th January 2002 – 29th January, 2005	0.27 (Note)
28th August, 2001	–	28th August, 2001 – 4th January, 2007	0.30

Note: The exercise period is divided into 3 trenches, as detailed below:

Exercise Period	Maximum percentage of share option can be exercised in aggregate within the exercise period
1. 12 months after acceptance of option (during the period from 30th January, 2002 to 29th January, 2003)	25% or partial exercise
2. 24 months after acceptance of option (during the period from 30th January, 2003 to 29th January, 2004)	50% or partial exercise
3. 36 months after acceptance of option (during the period from 30th January, 2004 to 29th January, 2005)	100% or partial exercise

Other than as disclosed above, none of the Directors nor their spouses or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

3. Substantial Shareholders

As at 30th September, 2003, the register of substantial shareholders maintained under Section 336 of the SFO showed that the Company had been notified of the following substantial shareholders' interest, being 5% or more of the Company's issued share capital: –

Name of shareholder	Number of shares held	%
Yuen Loong International Limited ("Yuen Loong")	385,052,026	29.76 (Note 1)
Chelsey Developments Ltd. ("Chelsey")	236,940,000	18.31 (Note 1)
GR Investment International Limited	65,957,000	5.10 (Note 2)

Notes:

- (1) Mr. David LAM Kwing Chan, a Director of the Company, is interested in approximately 24% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Alvin LAM Kwing Wai, a Director of the Company, is a beneficiary of a discretionary trust which is interested in approximately 26% of the issued share capital of each of Yuen Loong and Chelsey. Madam LAM TSANG Suk Yee, a Director of the Company, is a beneficiary of a discretionary trust which is interested in approximately 10% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Laurent LAM Kwing Chee, a Director of the Company, is a beneficiary of a discretionary trust which is interested in approximately 14% of the issued share capital of each of Yuen Loong and Chelsey. Madam Rosita YUEN LAM Kit Woo, a Director of the Company, is a beneficiary of a discretionary trust which is interested in approximately 9% of the issued share capital of each of Yuen Loong and Chelsey.
- (2) The corporate interests of GR Investment International Limited were attributable on account through a number of its wholly-owned subsidiaries. Attentive Investments Limited held 65,957,000 shares and was a wholly-owned subsidiary of Genius Choice Investments Limited which in turn was a wholly-owned subsidiary of GR Investment Holdings Limited. GR Investment Holdings Limited was a wholly-owned subsidiary of Accufocus Investments Limited which in turn was a wholly-owned subsidiary of GR Investment International Limited. Accordingly, Genius Choice Investments Limited, GR Investment Holdings Limited, Accufocus Investments Limited and GR Investment International Limited were all deemed to be interested in the 65,957,000 shares held by Attentive Investments Limited.

Save as disclosed above, the Company has not been notified by any other person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30th September, 2003.



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EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 456.

Remuneration packages are reviewed by the Group from time to time. In addition to salary payments, other fringe benefits for the staff include retirement benefits schemes and medical insurance scheme, as well as quarters and housing allowances for certain staff. The Group has taken out personal accident insurance for senior staff and the staff who frequently travel overseas on business trips.

AUDIT COMMITTEE

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

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not, during the period, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules except that the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-Laws.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the period.

On behalf of the Board
Alvin LAM Kwing Wai
Managing Director

Hong Kong, 9th December, 2003