

RESULTS

The board (“Board”) of directors (“Directors”) of Skynet (International Group) Holdings Limited (“Company”) announces the unaudited consolidated results of the Company and its subsidiaries (“Group”) for the six months ended 30 September 2003. The interim results of the Group for the six months ended 30 September 2003 are unaudited and have been reviewed by the Company’s audit committee and auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2003

	<i>Notes</i>	Six months ended 30 September	
		2003	2002
		(unaudited)	(unaudited)
		HK\$'000	HK\$'000
Turnover	3	1,057	42,764
Cost of sales		(1,049)	(50,193)
Gross profit (loss)		8	(7,429)
Other operating income		25	1,429
Selling expenses		–	(15)
Administrative expenses		(4,102)	(9,615)
Allowance for bad and doubtful debts		–	(1,942)
Loss on disposal of property, plant and equipment		–	(5,627)
Loss from operations		(4,069)	(23,199)
Finance costs		–	(1,371)
Provision for guarantee to repay redemption sum of a subsidiary’s preferred shares	4	–	(93,600)
Share of results of associates		–	(415)
Loss before taxation	5	(4,069)	(118,585)
Taxation	6	–	–
Loss before minority interests		(4,069)	(118,585)
Minority interests		–	3,396
Net loss for the period		(4,069)	(115,189)
Loss per share	7		
Basic		(0.09) cent	(2.56) cents

**CONDENSED CONSOLIDATED BALANCE SHEET**

At 30 September 2003

		30 September	31 March
		2003	2003
		(unaudited)	(audited)
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current asset			
Interests in associates		—	—
Current assets			
Trade debtors	8	100	100
Other debtors, deposits and prepayments		1	1,418
Tax recoverable		126	126
Bank balances and cash		30	302
		257	1,946
Current liabilities			
Creditors and accruals		17,294	14,914
Tax payable		130	130
Amounts due to associates		862	862
Provision for guarantee to repay redemption sum of a subsidiary's preferred shares	4	93,600	93,600
		111,886	109,506
Net current liabilities		(111,629)	(107,560)
		(111,629)	(107,560)
Capital and reserves			
Share capital		90,142	90,142
Reserves		(201,771)	(197,702)
		(111,629)	(107,560)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 September 2003

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital		Total <i>HK\$'000</i>
					redemption reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	
At 1 April 2002	90,142	488,643	2,698	180,801	255	(770,595)	(8,056)
Net loss for the period	-	-	-	-	-	(115,189)	(115,189)
Exchange difference on translation of overseas subsidiary not recognised in the income statement	-	-	(70)	-	-	-	(70)
At 30 September 2002	90,142	488,643	2,628	180,801	255	(885,784)	(123,315)
Net profit for the period	-	-	-	-	-	18,273	18,273
Realised on disposal of subsidiaries	-	-	(2,518)	-	-	-	(2,518)
At 31 March 2003	90,142	488,643	110	180,801	255	(867,511)	(107,560)
Net loss for the period	-	-	-	-	-	(4,069)	(4,069)
At 30 September 2003	90,142	488,643	110	180,801	255	(871,580)	(111,629)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 September 2003*

	Six months ended 30 September	
	2003	2002
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash (used in) generated from operating activities	(272)	745
Net cash from investing activities	-	745
Net cash used in financing activities	-	(1,200)
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(272)	290
Cash and cash equivalents at beginning of the period	302	1,377
Effect of foreign exchange rate changes	-	(70)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	30	1,597
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	30	12,227
Bank overdraft	-	(10,630)
	<hr/>	<hr/>
	30	1,597
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2003

1. Basis of preparation

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

In preparing the interim financial report, the Directors have given careful consideration to the future liquidity of the Group in the light of its net current liabilities of approximately HK\$111,629,000 as at 30 September 2003. A winding up petition was served on the Company by Lombard Asian Private Investment Company LDC ("Lombard") on 24 October 2002 (Note 4) alleging that the Group failed to cause Skynet Limited ("Skynet"), one of the Company's subsidiaries, to pay the redemption sum of HK\$93.6 million for the convertible cumulative redeemable participative preferred shares of Skynet held by Lombard. Against this background, the Group is actively seeking potential investors to obtain new funding. Provided that the Group can obtain sufficient funding from new investors, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the interim financial report has been prepared on a going concern basis.

2. Principal accounting policies

The condensed financial statements have been prepared under the historical cost convention.

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

In the current period, the Group has adopted, for the first time, the revised Statement of Standard Accounting Practice No. 12 "Income Taxes" ("SSAP 12 (Revised)") issued by the Hong Kong Society of Accountants. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. The adoption of this SSAP has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. Segment information

Business segments

For management purposes, the Group is currently organised into three main operating divisions, namely wholesaling, installation services and IT services. These divisions are the bases on which the Group reports its primary segment information.

Principal activities are as follows:

- Wholesaling – wholesaling of marble and granite products and marble fittings
- Installation services – provision of installation services for marble and granite products
- IT services – provision of IT services

Segment information about these businesses for the six months ended 30 September 2003 and 2002 is presented below.

Income statement for the six months ended 30 September 2003:

	Wholesaling (unaudited) <i>HK\$'000</i>	Installation services (unaudited) <i>HK\$'000</i>	IT services (unaudited) <i>HK\$'000</i>	Consolidated (unaudited) <i>HK\$'000</i>
REVENUE				
External sales	<u>415</u>	<u>642</u>	<u>–</u>	<u>1,057</u>
SEGMENT RESULT				
(Loss) profit from operations	<u>(3,011)</u>	<u>7</u>	<u>(1,065)</u>	<u>(4,069)</u>

Income statement for the six months ended 30 September 2002:

	Wholesaling (unaudited) <i>HK\$'000</i>	Installation services (unaudited) <i>HK\$'000</i>	IT services (unaudited) <i>HK\$'000</i>	Consolidated (unaudited) <i>HK\$'000</i>
REVENUE				
External sales	<u>1,609</u>	<u>41,155</u>	<u>–</u>	<u>42,764</u>
SEGMENT RESULT				
Loss from operations	<u>(12,598)</u>	<u>(1,137)</u>	<u>(9,464)</u>	<u>(23,199)</u>

4. Provision for guarantee to repay redemption sum of a subsidiary's preferred shares

On 24 October 2002, a winding up petition ("Petition") was served on the Company by Lombard alleging the failure of the Company to cause Skynet to pay the redemption amount of HK\$93.6 million for the convertible cumulative redeemable participative preferred shares of Skynet held by Lombard. The Petition was scheduled to be heard on 18 December 2002. On 30 October 2002, Lombard informed the Company that it would seek leave to withdraw the Petition filed against the Company and served another winding up petition ("New Petition") alleging the same on the Company. The hearing of the New Petition was scheduled to be heard on 15 January 2003 and was subsequently adjourned to 29 December 2003. The amount of HK\$93.6 million has been fully provided in prior year.

5. Loss before taxation

Six months ended 30 September	
2003	2002
(unaudited)	(unaudited)
HK\$'000	HK\$'000

Loss before taxation has been arrived at after charging:

Depreciation	-	3,104
Interest on borrowings	-	1,371
	<u> </u>	<u> </u>

6. Taxation

No provision for Hong Kong Profits Tax has been made in the interim financial report as the Group had no assessable profit during both periods.

7. Loss per share

The calculation of the basic loss per share is based on the loss for the period of approximately HK\$4,069,000 (2002: HK\$115,189,000) and 4,507,099,957 ordinary shares in issue during both periods.

No diluted loss per share for both periods have been presented as the exercise of the potential ordinary shares would result in a reduction in loss per share.

8. Trade debtors

The Group does not define a fixed credit policy.

The following is an aged analysis of trade debtors at the reporting date:

	30 September 2003 (unaudited) HK\$'000	31 March 2003 (audited) HK\$'000
Over 90 days	<u>100</u>	<u>100</u>

9. Deferred taxation

At 30 September 2003, the Group has unprovided deferred tax assets of HK\$74.2 million (31 March 2003: HK\$67.5 million) and HK\$16.4 million (31 March 2003: HK\$15.0 million) in respect of unused tax losses available for offset against future assessable profits and a provision for guarantee to repay redemption sum of a subsidiary's preferred shares respectively. No deferred tax asset has been recognised due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

10. Contingent liabilities

A subsidiary of the Company is a defendant in a lawsuit brought during 2002 claiming approximately HK\$1,733,000 relating to the outstanding sum of the contract works done by a sub-contractor, Swee Kheng & Aster Marble Company Limited ("Swee Kheng"). The subsidiary filed a defence and counterclaim claiming payment from Swee Kheng of a sum of approximately HK\$162,000. The subsidiary has contested the claim vigorously and no provision has been made in the financial statements.

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**Deloitte
Touche
Tohmatsu****INDEPENDENT REVIEW REPORT****TO THE BOARD OF DIRECTORS OF
SKYNET (INTERNATIONAL GROUP) HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 1 to 8.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards No. 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Fundamental uncertainty relating to the going concern basis

In arriving at our review conclusion, we have considered the adequacy of the disclosures in note 1 to the interim financial report concerning the going concern status of the Group and which explains that a winding up petition has been served on the Company and that the Group is actively seeking potential new investors. Provided that sufficient new funding can be obtained, the directors consider that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. The interim financial report has been prepared on a going concern basis, the validity of which depends upon future funding being available.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 September 2003.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 19 December 2003



INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2003 (2002: HK\$Nil per share).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the six months ended 30 September 2003, the Group recorded a turnover of approximately HK\$1,057,000 and a net loss of approximately HK\$4,069,000, compared with a turnover of approximately HK\$42,764,000 and a net loss of approximately HK\$115,189,000 for the corresponding period in the previous year.

The operating environment in the first half of the financial year remained difficult. The local economy continued to be beleaguered by structural issues such as high unemployment and persistent deflation. The outbreak of Severe Acute Respiratory Syndrome (“SARS”) in the first quarter of the financial year had inflicted a setback to the already sluggish economy and had further undermined consumer and investor confidence, resulting in more intense competition in the construction industry and severe pressure on the sales prices of the Group’s marble and granite products. Although the World Health Organisation removed Hong Kong from its list of areas with recent local transmission of SARS in June 2003, the repercussions of SARS could not be recouped in the second quarter. Facing these challenges, the Group continued its efforts in stringent cost control. To minimize operating costs, the Group outsourced its contracts for the installation of marble and granite products to an independent sub-contractor. The Group’s operations were scaled down, leading to the decline in the turnover. Turnover from wholesaling of marble and granite products and marble fittings reduced from approximately HK\$1,609,000 to approximately HK\$415,000, while turnover from provision of installation services for marble and granite products reduced from approximately HK\$41,155,000 to approximately HK\$642,000.

Net loss for the period was approximately HK\$4,069,000, compared with approximately HK\$115,189,000 for the corresponding period in the previous year. The reduction in net loss was largely attributable to the followings: (i) a provision for guarantee to repay the redemption sum of a subsidiary’s preferred shares of HK\$93,600,000 was made in the last corresponding period; (ii) an allowance for obsolete finished goods and work in progress of approximately HK\$7,517,000 was made in the last corresponding period; (iii) a loss on disposal of property, plant and equipment of approximately HK\$5,627,000 was recognized in the last corresponding period; and (iv) administrative expenses decreased to approximately HK\$4,102,000 this period, compared with approximately HK\$9,615,000 for the last corresponding period.

Liquidity and financial resources

As at 30 September 2003, the Group had net current liabilities of approximately HK\$111,629,000 (31 March 2003: net current liabilities of approximately HK\$107,560,000) and a current ratio of approximately 0.002 (31 March 2003: approximately 0.018). Cash and bank balances as at 30 September 2003 were approximately HK\$30,000 (31 March 2003: approximately HK\$302,000). No calculation of gearing ratio as at 30 September 2003 and 31 March 2003 was made as there was a deficiency of shareholders' funds.

As at 30 September 2003 and 31 March 2003, shareholders' loans of HK\$8,500,000 (which were denominated in Hong Kong dollars) were owing from a subsidiary of the Company to its minority shareholders and the Group did not have any bank borrowings.

Cash and cash equivalents as at 30 September 2003 were mainly held in Hong Kong dollars. The Group had no significant exposure to foreign exchange rate fluctuations.

On 24 October 2002, the Petition was served on the Company by Lombard. It was alleged in the Petition that Skynet (an indirectly approximately 68.9% owned subsidiary of the Company at the date of this report) was in breach of a shareholders' agreement dated 17 July 2000 entered into between, among others, Lombard and Skynet, and as a result of such breach, Lombard would be entitled to demand the early redemption of the 671,651 convertible cumulative redeemable participative preferred shares of Skynet ("CP Shares") held by Lombard ("Lombard Securities"). It was further alleged that the Company, as guarantor under a subscription agreement dated 28 June 2000 entered into between Skynet, the Company and Lombard, had failed to cause Skynet to pay the redemption amount of HK\$93,600,000. On 30 October 2002, Lombard informed the Company that it would seek leave to withdraw the Petition and served the New Petition alleging the same on the Company. The hearing of the New Petition has been adjourned to 29 December 2003. The amount of HK\$93,600,000 was fully provided in the previous period.

On 5 March 2003, the Company entered into a subscription agreement, two restructuring agreements and a disposal agreement with various parties to effect a restructuring proposal ("Proposal") which involves: (i) a scheme of arrangement and securities exchange offer and the delisting of shares of the Company and listing of shares of a new holding company of the Company ("Newco") on the Stock Exchange; (ii) the subscription of shares and convertible notes in Newco by Monetary Success Investments Limited ("Subscriber"); (iii) the termination of certain prior agreements entered into by the Company and/or Skynet and/or certain shareholder(s) of Skynet with Lombard and the transfer of the Lombard Securities to Newco in consideration of payment of HK\$15,000,000 by Newco to Lombard; (iv) the termination of certain prior agreements entered into by the Company and/or Skynet and/or certain shareholder(s) of

Skynet with Hidden Advantage Investments Limited (“Hidden”), a shareholder of Skynet holding 1,091,545 ordinary shares of Skynet (“Hidden Securities”), and the transfer of the Hidden Securities to Newco in consideration of payment of HK\$15,000,000 by Newco to Hidden; and (v) the disposal of 22,868,656 ordinary shares of Cyber On-Air Group Company Limited (a company listed on the Growth Enterprise Market of the Stock Exchange) by a subsidiary of the Company to Cyber Network Technology Limited at a total consideration of HK\$1,676,272. Details of the Proposal have been disclosed in the joint announcements dated 6 May 2003, 27 May 2003, 9 June 2003, 30 June 2003, 22 July 2003, 11 August 2003, 3 September 2003, 22 September 2003 and 14 October 2003 issued by the Company and the Subscriber. Completion of the Proposal is subject to the fulfilment of certain conditions and has not taken place at the date of this report.

Further announcement will be made by the Company in respect of the order made by the High Court of Hong Kong after the hearing of the New Petition on 29 December 2003 and any material development in the Proposal as and when appropriate in accordance with the Listing Rules.

Charges on assets

As at 30 September 2003 and 31 March 2003, the Group did not charge any of its assets.

Contingent liabilities

As at 30 September 2003 and 31 March 2003, the Group did not have any contingent liabilities. In June 2002, a writ was issued by Swee Kheng against Companion Marble Limited (“Companion Marble”, an indirect wholly-owned subsidiary of the Company) claiming payment of a sum of approximately HK\$1,733,000 being the alleged outstanding sum of the contract works done by Swee Kheng under a sub-contract granted by Companion Marble to Swee Kheng on a back-to-back basis or an account of all sum due from Companion Marble to Swee Kheng in respect of the payment Companion Marble received from Pentad Construction Company Limited (the main contractor of the construction project), plus interest and costs. Companion Marble has filed a defence and counterclaim claiming payment from Swee Kheng of a sum of approximately HK\$162,000, plus interest and costs. No provision has been made in the financial statements in respect of this.

Employees and remuneration policies

As at 30 September 2003, the Group had seven employees. For the six months ended 30 September 2003, total remuneration of the Group amounted to approximately HK\$1,920,000. The Group's remuneration policies are in line with prevailing market practices and are formulated on the basis of the performance and the experience of the employees. Training is also provided to improve the calibre of the staff.

The Company maintains a share option scheme, pursuant to which share options have been granted to directors and senior executives to provide them with incentives in maintaining the growth of the Group. During the period, no share options were granted, exercised, cancelled or lapsed.

Prospects

Support from the Central Government including the signing of the Closer Economic Partnership Arrangement with the local government and the introduction of individual travel permits have provided momentum for Hong Kong's economic growth. Various local government measures such as the introduction of investment immigrants will render additional support to the local economy. However, it may take some time before the fiscal deficit problem can be solved and the deflationary spiral and high unemployment can be restrained. The Group will continue its effort in maintaining prudent control on costs and strengthening its financial position in order to meet challenges ahead.

PURCHASE, SALE OR REDEMPTION OF 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND OPTIONS

As at 30 September 2003, the interests or short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

As at 30 September 2003, the following director held interests in the shares of Cyber On-Air Group Company Limited, an approximately 27.50% owned associate of the Group, as follows:

Long position in shares

Name of director	Number and description of shares
Lo Chi Ho, William	1,562,500 ordinary shares of HK\$0.01 each

Other than as disclosed above and as disclosed in the section headed "Share options" below, as at 30 September 2003, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

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

Name of director	Date of grant	Exercise price per share HK\$	Exercisable period	Outstanding at 1 April 2003 and 30 September 2003
Lo Chi Ho, William	14 February 2001	0.039	15 February 2001 to 14 February 2004	<u>50,000,000</u>

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2003, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests or short positions in the issued share capital of the Company:

Long position in shares

Name	Number of shares of the Company	Approximate percentage holding
China Strategic Holdings Limited	1,025,701,735 (<i>Note 1</i>)	22.76%
China Strategic (B.V.I.) Limited	1,025,701,735 (<i>Note 1</i>)	22.76%
Great Joint Profits Limited	1,025,701,735 (<i>Note 1</i>)	22.76%
Dong Fang Gas Holdings Limited	1,025,701,735 (<i>Note 1</i>)	22.76%
Companion Building Material (BVI) Limited	1,025,701,735 (<i>Note 1</i>)	22.76%
Companion Building Material (Holdings) Limited ("CBM")	1,025,701,735 (<i>Note 2</i>)	22.76%

Notes:

- (1) CBM is a wholly-owned subsidiary of Companion Building Material (BVI) Limited, which is in turn a wholly-owned subsidiary of Dong Fang Gas Holdings Limited. Dong Fang Gas Holdings Limited is beneficially owned as to approximately 43.06% by Great Joint Profits Limited, which is in turn a wholly-owned subsidiary of China Strategic (B.V.I.) Limited. China Strategic (B.V.I.) Limited is a wholly-owned subsidiary of China Strategic Holdings Limited. Accordingly, each of Companion Building Material (BVI) Limited, Dong Fang Gas Holdings Limited, Great Joint Profits Limited, China Strategic (B.V.I.) Limited and China Strategic Holdings Limited is deemed to be interested in 1,025,701,735 shares of the Company held by CBM.
- (2) The Company has received corporate substantial shareholder notice from Tai Fook Securities Group Limited in respect of its interest in 1,018,836,735 shares of the Company. Such shares are kept in the margin account of CBM maintained with Tai Fook Securities Company Limited. Tai Fook Securities Company Limited is a wholly-owned subsidiary of Tai Fook Finance Company Limited, which is in turn a wholly-owned subsidiary of Tai Fook (BVI) Limited. Tai Fook (BVI) Limited is a wholly-owned subsidiary of Tai Fook Securities Group Limited.

Other than the interests or short positions as disclosed above, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no persons as having a notifiable interest or short positions in the shares and underlying shares of the Company as at 30 September 2003.

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 for any part of the six months ended 30 September 2003, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

PRACTICE NOTE 19 OF THE LISTING RULES

Trade debtors of the Group as at 30 September 2003 amounted to HK\$100,000 before allowance and after allowance. Such receivable arose in the normal course of business and is interest-free, unsecured and has no fixed repayment terms. Details of such receivable are as follows:

Name of entity	Amount receivable (before allowance and after allowance) <i>HK\$'000</i>
Best Cheer Development Limited	100
Total	<u>100</u>

APPRECIATION

On behalf of the Board, I would like to extend my sincere thanks and appreciation to all our staff for their hard work and commitment and to our bankers, customers, suppliers and shareholders for their continued support.

By Order of the Board
To Chi
Executive Director

Hong Kong, 19 December 2003