

Celestial Asia Securities Holdings Limited
2004 Interim Results



CASH 時富

CONSOLIDATED INCOME STATEMENT

The unaudited consolidated results of Celestial Asia Securities Holdings Limited (“Company” or “CASH”) and its subsidiaries (“Group”) for the six months ended 30 June 2004 together with the comparative figures for the last corresponding period are as follows:

		Unaudited six months ended 30 June	
		2004	2003
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	(2)	535,274	445,112
Other operating income		–	26,500
Cost of sales		(271,459)	(248,871)
Salaries, allowances and commission		(121,565)	(91,536)
Other operating, administrative and selling expenses		(143,980)	(138,461)
Depreciation and amortisation		(26,550)	(28,329)
Finance costs		(3,948)	(1,797)
Write back of bad and doubtful debts		3,013	–
Impairment loss recognised in respect of property and equipment		–	(1,580)
Loss before taxation		(29,215)	(38,962)
Taxation charge	(4)	(250)	–
Loss before minority interests		(29,465)	(38,962)
Minority interests		(6,391)	6,483
Net loss attributable to shareholders		(35,856)	(32,479)
Loss per share	(5)		
– Basic		(9.8) cents	(10.3) cents
– Diluted		(9.8) cents	(10.3) cents

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CONSOLIDATED BALANCE SHEET

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
	<i>Notes</i>	
Non-current assets		
Property and equipment	165,678	134,072
Investments	15,500	15,500
Goodwill	69,132	70,808
Intangible assets	10,007	10,922
Other assets	18,303	21,504
	278,620	252,806
Current assets		
Inventories	71,248	61,295
Accounts receivable	419,081	497,728
Loans receivable	6,722	700
Prepayments, deposits and other receivables	58,349	79,041
Investments	112,271	61,200
Taxation recoverable	–	6
Bank deposits under conditions	36,758	36,565
Bank balances – trust and segregated accounts	387,163	382,056
Bank balances (general accounts) and cash	208,764	245,924
	1,300,356	1,364,515
Current liabilities		
Accounts payable	679,300	739,479
Accrued liabilities and other payables	71,492	72,647
Taxation payable	730	513
Obligations under finance leases		
– amount due within one year	416	504
Bank borrowings – amount due within one year	299,678	322,442
	1,051,616	1,135,585
Net current assets	248,740	228,930
	527,360	481,736

		30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
	<i>Notes</i>		
Capital and reserves			
Share capital	(8)	36,548	36,548
Reserves	(9)	268,496	304,352
		305,044	340,900
Minority interests		179,675	121,210
Non-current liabilities			
Bank borrowings – amount due after one year		42,622	19,500
Obligations under finance leases – amount due after one year		19	126
		42,641	19,626
		527,360	481,736

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited six months ended 30 June	
	2004 HK\$'000	2003 HK\$'000
Net cash from (used in) operating activities	21,253	(113,018)
Net cash used in investing activities	(105,018)	(12,923)
Net cash from financing activities	46,605	25,946
Net decrease in cash and cash equivalents	(37,160)	(99,995)
Cash and cash equivalents at beginning of period	245,924	257,651
Cash and cash equivalents at end of period	208,764	157,656
Analysis of balances of cash and cash equivalents Bank balances (general) and cash	208,764	157,656

STATEMENT OF CHANGES IN EQUITY

	Unaudited	
	six months ended	
	30 June	
	2004	2003
	HK\$'000	HK\$'000
At 1 January	340,900	375,805
Issue of new shares	–	16,500
Share issue expenses	–	(406)
Net loss for the period	(35,856)	(32,479)
At 30 June	305,044	359,420

Notes:

(1) Basis of preparation and principal accounting policies

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

The accounting policies and methods of computation used in preparing the unaudited consolidated results are consistent with those used in the audited financial statements for the year ended 31 December 2003.

The condensed consolidated interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2003.

The unaudited consolidated results have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

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(2) Turnover

	Unaudited six months ended 30 June	
	2004 HK\$'000	2003 HK\$'000
Sales of furniture and household goods, net of discounts and returns	417,281	388,316
Fees and commission income	124,489	60,764
Interest income	44	782
Loss on trading of securities, options and futures and leveraged foreign exchange contracts	(10,547)	(7,801)
Information technology advisory income	1,988	1,888
Wholesale and retailing of branded household products	2,019	1,163
	535,274	445,112

(3) Income statement by business and geographical segments

Business segments

For management purposes, the Group is currently organised into four main operating divisions, namely, financial services, retailing, investment holding, and others. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Financial services	Broking, financing, proprietary trading, corporate finance services and wealth management
Retailing	Sales of furniture and household goods
Investment holding	Strategic investments
Others	Business solutions and brand management

Segment information about these businesses for the six months ended 30 June 2004 and 30 June 2003 is presented below:

Income statement for the six months ended 30 June 2004

	Financial services HK\$'000	Retailing HK\$'000	Investment holding HK\$'000	Others HK\$'000	Consolidated HK\$'000
Turnover	<u>119,428</u>	<u>418,810</u>	<u>(4,996)</u>	<u>2,032</u>	<u>535,274</u>
Segment (loss) profit	<u>25,368</u>	<u>(21,373)</u>	<u>(4,996)</u>	<u>(2,386)</u>	<u>(3,387)</u>
Unallocated corporate expenses					<u>(32,219)</u>
Loss before taxation					<u>(35,606)</u>
Taxation charge					<u>(250)</u>
Net loss attributable to shareholders					<u>(35,856)</u>

Income statement for the six months ended 30 June 2003

	Financial services HK\$'000	Retailing HK\$'000	Investment holding HK\$'000	Others HK\$'000	Consolidated HK\$'000
Turnover	<u>55,757</u>	<u>385,529</u>	<u>1,938</u>	<u>1,888</u>	<u>445,112</u>
Segment (loss) profit	<u>(11,632)</u>	<u>(14,378)</u>	<u>1,938</u>	<u>(1,893)</u>	<u>(25,965)</u>
Unallocated corporate expenses					<u>(31,434)</u>
Partial reversal of allowance for a loan to an associate (included as other operating income)					26,500
Impairment loss of property and equipment					<u>(1,580)</u>
Loss before taxation					<u>(32,479)</u>
Taxation charge					<u>-</u>
Net loss attributable to shareholders					<u>(32,479)</u>

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Geographical segments

The Group's turnover and loss before taxation for both periods were substantially derived from Hong Kong. Accordingly, no analysis by geographical segment is presented.

(4) Taxation charge

Hong Kong profits tax for the period in 2004 has been provided at the rate of 17.5% on the estimated assessable profits for the Group companies after offsetting the respective tax losses brought forward.

No provision for Hong Kong profits tax for the period in 2003 has been made as the Group companies incurred tax losses for the period.

No deferred tax asset in respect of tax losses has been recognised in the financial statements due to the unpredictability of future taxable profit streams.

(5) Loss per share

The calculation of basic and diluted loss per share for the six months ended 30 June 2004 together with the comparative figures for 2003 is based on the following data:

	Unaudited six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Loss for the purposes of basic loss per share	(35,856)	(32,479)
Adjustment to the share of result of a subsidiary based on dilution of its earnings per share	(3)	–
Loss for the purpose of diluted loss per share	(35,859)	(32,479)
Weighted average number of ordinary shares for the purpose of basic loss per share	365,483,827	314,765,595
Effect of dilutive potential ordinary shares assumed exercise of share options	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	365,483,827	314,765,595

The calculation of diluted loss per share for the period of 2004 did not:

- (i) adjust the share of result of a subsidiary as the subsidiary incurred loss; and
- (ii) assume the exercise of the Company's outstanding share options as their exercise would result in a reduction in loss per share.

The calculation of diluted loss per share for the period of 2003 did not:

- (i) adjust the share of result of subsidiaries as the exercise prices of the outstanding share options of the subsidiaries were higher than the average market price of the subsidiaries' shares; and
- (ii) assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than the average market price of the shares.

(6) Accounts receivable

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
Accounts receivable arising from the business of dealing in securities and equity options:		
Clearing houses, brokers and dealers	76,238	93,675
Cash clients	39,123	49,975
Margin clients	228,629	285,895
Accounts receivable arising from the business of dealing in futures and options:		
Clearing houses, brokers and dealers	60,503	56,045
Commission receivable from brokerage of mutual funds and insurance-linked investment plans and products	3,569	2,909
Accounts receivable arising from the business of provision of corporate finance services	805	1,058
Trade debtors	10,214	8,171
	419,081	497,728

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The settlement terms of accounts receivable arising from the business of dealing in securities and equity options are two days after trade date, and accounts receivable arising from the business of dealing in futures and options are one day after trade date.

Except for the loans to margin clients as mentioned below, all the accounts receivable arising from the businesses of dealing in securities and equity options aged within 30 days.

Loans to margin clients are secured by clients' pledged securities, repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as in the opinion of Directors, the aged analysis does not give additional value in view of the nature of business of share margin financing.

Included in accounts receivable from margin clients arising from the business of dealing in securities is an amount due from an entity in which Kwan Pak Hoo Bankee has a beneficial interest and is a Director. Details of the amount due from the entity are as follows:

Name of company	Balance at 30.06.2004 HK\$'000	Balance at 31.12.2003 HK\$'000	Maximum amount outstanding during the period HK\$'000
Cash Guardian Limited ("Cash Guardian")	9,800	9,732	10,606

The above balances are secured by pledged securities and repayable on demand, and bear interest at commercial rates which are similar to the rates offered to other margin clients.

In respect of the commission receivable from brokerage of mutual funds and insurance-linked investment plans and products, accounts receivable arising from the business of provision of corporate finance services and trade debtors, the Group allows a credit period of 30-90 days. The aged analysis is as follows:

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
0-30 days	9,139	8,666
31-60 days	1,813	332
61-90 days	1,257	484
Over 90 days	2,379	2,656
	14,588	12,138

(7) Accounts payable

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
Accounts payable arising from the business of dealing in securities and equity options:		
Cash clients	327,146	373,929
Margin clients	50,413	69,289
Accounts payable to clients arising from the business of dealing in futures and options	134,840	120,644
Accounts payable to clients arising from the business of dealing in leveraged foreign exchange contracts	1,695	–
Trade creditors	165,206	175,617
	679,300	739,479

The settlement terms of accounts payable arising from the business of dealing in securities are two days after trade date. Except for the amounts payable to margin clients, the age of these balances is within 30 days.

Amounts due to margin clients are repayable on demand. No aged analysis is disclosed as in the opinion of Directors, the aged analysis does not give additional value in view of the nature of business of share margin financing.

Accounts payable to clients arising from the business of dealing in futures, options and leveraged foreign exchange contracts are margin deposits received from clients for their trading of these contracts. The excesses of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand. No aged analysis is disclosed as in the opinion of Directors, the aged analysis does not give additional value in view of the nature of these businesses.

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The aged analysis of trade creditors at the balance sheet date is as follows:

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
0-30 days	71,430	63,016
31-60 days	50,286	44,563
61-90 days	24,204	42,449
Over 90 days	19,286	25,589
	165,206	175,617

(8) Share capital

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
<i>Authorised:</i>		
At 1 January 2004	500,000	50,000
Increase in authorised share capital (a)	500,000	50,000
At 30 June 2004	1,000,000	100,000
<i>Issued and fully paid:</i>		
At 1 January 2004 and 30 June 2004	365,484	36,548

Note:

- (a) Pursuant to an ordinary resolution passed on 9 February 2004, the authorised share capital of the Company was increased from HK\$50,000,000 to HK\$100,000,000 by the creation of an additional 500,000,000 shares of HK\$0.10 each.

(9) Reserves

	Unaudited six months ended 30 June 2004						2003
	Share premium HK\$'000	Contributed surplus HK\$'000	General reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Total HK\$'000
Beginning of the six months period	279,272	16,724	1,160	12,314	(5,118)	304,352	345,257
Premium arising from issue of new shares	-	-	-	-	-	-	10,094
Net loss for the period	-	-	-	-	(35,856)	(35,856)	(32,479)
End of the six months period	279,272	16,724	1,160	12,314	(40,974)	268,496	322,872

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2004 (2003: Nil).

REVIEW AND OUTLOOK**Financial Review**

For the six months ended 30 June 2004, our Group recorded a 20.3% increase in turnover to HK\$535.3 million when compared with the same period last year. During the period, CASH Financial Services Group Limited ("CFSG") recorded a 102.3% increase in turnover to HK\$120.7 million. The increase mirrored the improving investment sentiment in the local stock market as the first half of this year saw a 140.0% improvement in the turnover of securities trading on the Hong Kong Stock Exchange compared with that of last year. CFSG enjoyed a net profit attributable to shareholders of HK\$26.1 million, representing a turnaround from the loss of HK\$12.4 million for the same period last year. For Pricerite Group Limited ("Pricerite"), it recorded a 7.5% increase in turnover to HK\$417.3 million. However, Pricerite suffered a net loss attributable to shareholders of HK\$19.9 million for the period, reviewing that the economic recovery in furniture and household markets was lagging behind other retail sectors which benefited from the increasing Chinese tourists flow into Hong Kong since the second half of 2003. After taking into account the investment loss incurred from trading listed securities and the costs of developing our global distribution network for our branded products, our Group recorded a net loss attributable to shareholders of HK\$35.9 million for the period under review. The resulting total shareholders' equity for the Group on 30 June 2004 amounted to HK\$305.0 million, as compared to HK\$340.9 million at end of last year.

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On 30 June 2004, our cash and bank balances stood at HK\$632.7 million as compared to HK\$664.5 million on 31 December 2003. The slight decrease in cash balances was mainly due to (1) the increase in the Group's listed securities investment; (2) the consideration paid for the property acquired in April 2004; and (3) the operating loss incurred for the period. Despite the mild reduction in cash balances, our liquidity ratio remained healthy at 1.2 times on 30 June 2004, virtually unchanged from 31 December 2003.

Our total bank borrowings on 30 June 2004 slightly increased to HK\$342.3 million from HK\$341.9 million on 31 December 2003. As at the end of the period, the ratio of the total bank borrowings to shareholders' equity was 1.1 as compared to 1.0 on 31 December 2003. We are confident that the gearing was maintained at a prudent level, especially when the majority of our bank borrowings were used in back-to-back margin financing for the clients of CFSG.

All of the Group's borrowings are either in HK dollar or US dollar, with the interest rates priced at close to banks' funding costs. By using effective instrument to hedge any adverse changes in foreign exchange and interest rates, the Group's exposure to both foreign currency and interest rate fluctuation was insignificant. On 30 June 2004, the Group's listed investment securities were valued at HK\$112.3 million and a loss on investment of HK\$10.5 million was recorded for the period.

As at 30 June 2004, leasehold properties at their carrying value of approximately HK\$68.8 million, bank deposits of HK\$20.8 million and listed investment securities valued at HK\$239.4 million were pledged to secure a bank term loan and general banking facilities granted to three subsidiaries. Save as aforesaid, the Group had no other material contingent liabilities at end of the period.

In December 2003, our Group entered into a conditional sale and purchase agreement to acquire the entire equity interest in a company, which would hold a property in Beijing, China, at a consideration of approximately HK\$233.7 million. The acquisition was expected to complete in late April 2004. On 24 May 2004, our Group entered into a cancellation agreement to terminate the said sale and purchase and had released our Group from all its obligations under the said conditional sale and purchase agreement.

In April, the Group completed the acquisition of a residential property located in Hong Kong at a consideration of approximately HK\$39.4 million. Save as aforesaid, our Group did not make any other material acquisitions or disposals, or hold any other significant investment during the six months ended 30 June 2004. We do not have any future plans for material investments or capital assets.

Industry Review

The Hong Kong economy continued to gather momentum on the back of the US economic recovery and the strong rebound in domestic consumption. With the improvement of consumer spending, investment sentiment improved and the average daily turnover by value for the first six months of 2004 on the Hong Kong Stock Exchange increased to HK\$16,508 million from HK\$7,110 million during the same period in 2003.

Retail sales in the first half of 2004 improved by 13.4% in value or 11.2% in volume; while in June 2004, the value of total retail sales increased by 14.5% as compared with June 2003. However, while Pricerite's revenue registered improvements, we continued to combat the residue effect of the poor economic fundamentals during the past two years as consumer price sensitivity continued to hamper efforts to improve gross profit margins. This was reflected in the 1.3% year-on-year decrease in Composite Consumer Price Index for the first half of 2004, with specific yearlong decline registered in durable goods. This shows that despite the retail market is recovering as a whole, our household sector is still suffering from price and margin pressures.

Business Review

For CFSG

The persistent pursuit of CFSG on product diversification and focus on cost leadership continued to be the primary drivers of its business growth during the first half of the year. The market recovery was, however, hampered by a number of external uncertainties emerging during the second quarter. These include the concern of an overheating economy in Mainland China and its ability to engineer an economic soft-landing; the rising interest rate pressure in the US as the US economy continued to show signs of recovery; and the rising energy prices.

During the period, despite rising costs resulting from the recovering Hong Kong economy, CFSG managed to maintain its cost leadership objective to keep the cost structure lean and effective.

At the same time, we continued to diversify CFSG's product offerings so as to further establish CFSG as the financial services house of choice for its clients.

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As part of our wealth management and brokerage integration initiatives, an investment centre at Hunghom was opened in May. Since its opening, a number of investment seminars were held for the local community and subsequently attracted many prospective clients to sign up for our service. In addition, we have also put in an investment centre in CFSG's main office for clients to research and gather investment information.

The growth of CFSG's wealth management business, CASH Frederick Taylor, acquired in July 2003, is on course. As the business continues to grow, in less than twelve months, its contribution to CFSG has exceeded 12% in the second quarter. CFSG will continue to expand its customer base and enhance product offerings by leveraging on the cross-selling synergy within CFSG.

CFSG's investment banking division participated in a number of major IPOs in the Hong Kong market in the second quarter. We expect our investment banking division to remain active in the IPO market as a sponsor and underwriter in the second half.

For the six months under review, CFSG's turnover was made up of 83.9% from fees and commission income from our brokerage and wealth management businesses, with the remaining 14.0% and 2.1% from financing business and investment banking, respectively.

For Pricerite

Despite continued margin pressure, Pricerite continued to sharpen its business edges to provide the best value and quality lifestyle and basic home improvement solutions to customers. More importantly, we have made significant progress towards expanding our business reach internationally and in Mainland China.

Merchandising Re-engineering to Improve Overall Product Efficiency and Hence Profitability

We maintained our philosophy to meeting the needs of our customers as our primary management objective during the first half of 2004. Complete revamp of Pricerite's merchandise has been carried out during the period under review. Outdated and slow-moving merchandises were replaced with the more fashionable and needful products. Centralised purchasing has been launched to further improve the overall

product efficiency. Product range planning has also been implemented to better match customer preferences with our product offerings. Constant reviews on product performance were systemised, so as to lower our inventory level. Strategic alliances were also made with quality vendors. In a nutshell, our aim is to offer our customers with a wide selection of quality merchandise at value-for-money prices.

Furthermore, Pricerite continued to invest in the management information system so as to maximise the supply chain efficiency. System integrity for data-mining was enhanced and linked with Pricerite's replenishment system, facilitating the implementation of pricing and merchandising strategies and eventually to improve its gross profit margin and better control its inventories.

Strengthening the Brand with the Relationship of Customers

In order to better serve the customers, Pricerite launched "The Club" – a loyalty programme to Pricerite's customers during the period under review. The Club was launched in June with over 5,000 quality members. We target to recruit 10,000 members eventually to enable us to develop and tailor the most suitable marketing strategy to our members to maximise revenue. Furthermore, we continued our joint promotion programmes with major merchants and credit card companies to provide promotional offers to our customers. To name a few, they include Warner Brothers, HSBC, American Express, Bank of East Asia, and Nestle.

Fine Tuning Our Network to Better Serve the Hong Kong Community

During the period, we continued our regular review on individual store contribution to overall profitability. As a result of this continuing exercise, we closed a total of three stores that were below our performance targets, namely, Riviera Garden, Wo Che and Manly Plaza. As at 30 June 2004, Pricerite's store network comprised a total of 42 stores. At the same time, as part of our initiatives to fine tune our network coverage to better serve the Hong Kong community and to test potential for new possible site locations, we conducted road shows in shopping malls in Siu Sai Wan, Sau Mau Ping and Taipo.

Simultaneously, we locked in a new site planned for opening at Metro City Plaza, Tseung Kwan O in August 2004.

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Enhancing Customer Service

We continued to organise Mystery Shoppers Programme and Outstanding Customer Service Awards Programmes to enhance customer service and store management quality. We maintained our commitment to staff development registering over 1,000 training hours during the first half of 2004 on customer service, product knowledge, sales techniques and system and procedures.

Our dedication to enhancing our services culminated in two Distinguished Salesperson Awards and one Outstanding Young Salesperson Award being presented to Pricerite's frontline staff in the 36th Distinguished Salesperson Award Programme as organised by The Hong Kong Management Association in June 2004. Participants of the said programme mainly came from the service sector like banks, insurance company, airlines, telecommunications companies and property agencies.

Improving Customers' Shopping Experience

During the period, we maintained our goal to improve the shopping environment in our stores and continued with Pricerite's store image revamping initiative with a systematic programme to replace the previous corporate identity with the new identity system to standardise corporate identity and image.

Simultaneously, we began a programme of revamping the layouts of our stores and improving the location of our product departments according to customer flow as well as our new product strategy.

Pricerite also started rolling out the Planogram system to increase its product display efficiency. This new system was first launched in its category-killer sections in April 2004, with the rest of the product departments scheduled to be implemented in the coming months.

Sharpening Tools

We continued our on-going efforts to enhance our operational system efficiency and effectiveness. We applied advanced technology to daily operations such as computerised ordering system, warehouse management system and inventory management system.

We also established Key Performance Indicators for monitoring the business performance and to perform industry performance bench-marking. Simultaneously, we strengthened the management information system for management decision-making.

For Halo Group Limited (“Halo”)

During the first half of 2004, Halo continued to develop its client base and product portfolio in both corporate and retail markets. For the corporate market, e-marketing products have been successfully developed and launched, which were well received by our clients. For the retail market, the breakthrough concept “Halo 3C Zone” has been launched in selected Pricerite stores, offering consumer electronic and IT products and advisory services, including the provision of our established brand of personal computers “Halo PC”.

For Cosmos Global Limited (“CGL”)

During the first six months of 2004, CGL participated and exhibited in four international exhibitions in the United Kingdom, South Korea, and Hong Kong. The development of our distribution network continued with the number of retail outlets carrying brands under CGL’s management expanding to over 1,000. Our distribution in Malaysia, South Korea and Australia began operation. Significant inroads were made as a result of our trade fair participations in terms of development of our distribution reach through potential partnerships and CGL is in active dialogues with multiple parties with the aim to begin distribution into North America, Europe and additional Asian territories.

China and International Business Development

Pricerite China

To further strengthen Pricerite’s presence in Guangzhou, we began a relocation programme to move the existing store from the southern region to the Tian He area in the northern region. The target opening for the new store in this Northern Guangzhou area is planned for the second half of this year. The new store is favourably located at a popular shopping area with proximity to excellent customer traffic and easy access to the subway network. The move is expected to boost both Pricerite’s sales and corporate image in Guangzhou. Similar location strategy will be adopted in Pricerite’s future store selection in Guangzhou. In Shenzhen, Pricerite’s fourth outlet was opened in the new B&Q home decoration and building materials mall in the

second quarter. The new outlet offers a specific series of products on a modern lifestyle concept. Business progress on the Shenzhen outlets has been satisfactory.

Pricerite International

In 2004, Pricerite has secured a supply chain management contract with Abdulrahman Saad Al-Rashid and Sons Company Limited (ARTAR Group), a Saudi investment group, for setting up a new retail store in Riyadh, which is expected to open in June 2005, marking Pricerite's move from a local retailer into an international supply chain service provider.

Joint CASH Companies Initiatives

We participated in several international trade fairs through joint initiatives between Pricerite, CGL and Halo including the Spring Fair in January as well as the BBC Good Homes Show in June at the National Exhibition Centre in Birmingham, United Kingdom. Market responses were highly positive resulting in negotiations to form long term partnerships and strategic alliances to develop international trading and supply chain management businesses proceeding in earnest.

Outlook

For CFSG

On the external front, the US and the Japanese economies continue to show strong signs of recovery, strengthening the outlook for exports. The Chinese economy appears to be slowing but its growth rate appears to be sustainable at still a highly respectable rate of growth between 7 to 8%. Nevertheless, the tightening measures introduced since the second half of 2003 should have an impact on the economy, particularly the seemingly overheated sectors such as steel, aluminium, cement and property. Rising inflation in Mainland China might lead to interest rate hikes in the second half in 2004. In the US, the recent and expected hikes in interest rates will likely cause interest rates in Hong Kong and most part of the region to follow.

On the domestic front, the economy continues to show signs of strengthening and deflationary pressure seems to be easing. Unfortunately, high oil prices will likely have a dampening effect on growth.

We expect that we shall continue to see fund-raising and financial advisory activities to rise as more Chinese private-sector companies express interest to tap the capital markets abroad. This will boost the capital market activities and demand for professional services in Hong Kong.

For our brokerage business, CFSG shall continue to maintain its vigilant cost management and control and at the same time continue to diversify its client base. CFSG aims to continue with its plans to increase the integration of brokerage services and products with its wealth management business to increase income and build resilience against the cyclical nature of the brokerage business.

CFSG plans to further expand its wealth management business to achieve its goal of diversifying CFSG's income streams. Savings-to-income ratio in Hong Kong is among the highest in the region. The penetration of wealth management service is still low in Hong Kong relative to that in the mature economies in the West. We are confident that the growth potential for the wealth management business is strong.

Mainland China's long-term economic outlook remains bright despite the near-term uncertainty over its ability to engineer an economic soft-landing. We anticipate that the Chinese authorities will focus more on the quality rather than the quantity of growth. Against a likely backdrop of a sustainable rate of economic growth in the range of 7 to 8%, we expect demand for equity funds, particularly from Chinese private-sector companies, will be strong. Hong Kong, with its unique position and a good understanding of the Mainland China, will continue to be the preferred destination for Mainland companies to raise funds through both the IPO market and secondary market. CFSG's investment banking division is strategically-positioned to capture these opportunities, especially in the SME (small and medium sized enterprises) segment, where we have developed a growing presence as well as a proven track record.

As we emphasise the importance of business and revenue diversification, we will continue to position CFSG as the financial services house of choice and expand its product offerings and customer base through cross-selling synergies and new investment opportunities.

For Pricerite*Hong Kong*

We anticipate that the economic recovery will continue for the rest of 2004. However, evidence has suggested that the increased revenues in the retail sector are mainly attributable to the few sectors that benefit directly from the influx of Chinese tourists to Hong Kong, such as branded garments, watches and jewellery, and consumer electronics.

Given this macroeconomic environment, we hold the view that consumption in furniture and household products will continue to improve, yet at a lower rate than the overly growth in retail sales. As the property market maintains its recovery, we believe that demand in furniture will continue to grow.

We will continue to re-engineer Pricerite's merchandise mix so as to satisfy the ever-changing tastes of our customers.

All in all, we are in a view that the second half of 2004 will see further improvement in Pricerite's sales growth and gross contribution.

For Halo

Halo will continue to develop the marketing of consumer electronic and IT products, both locally and into the international markets, for example, Europe, Middle East and Asia. We will continue to expand our system integration and software businesses for our corporate clients. In particular, we plan to establish our presence in Mainland China in the second half of 2004, through strategic partnerships with major IT and software service providers, content providers and application technology vendors.

For China and International Business Development*Pricerite China*

In line with our China expansion plan, Pricerite has submitted an application for a solely-owned retail licence under CEPA in Mainland China in early 2004. We are among the first lot of applicants which has successfully obtained the approval from the Shanghai government authorities on the licence under CEPA in May. The application is now under final processing in the Ministry of Commerce in Beijing. The approval is expected to be obtained within the year. With the licence, we plan to

open retail stores in Shanghai. These outlets will offer a well-selected mix of household products that specifically cater for the needs of the Shanghai consumers. At a later stage, we plan to extend Pricerite's retail network to other parts of Eastern China aiming to capture the booming consumption power in the region.

Pricerite International

Preparation for the opening of Pricerite's first Middle East flagship store will enter into its mission critical stage with confirmation of product range, product certification and manufacturing taking centre stage. We are confident that we shall establish the first European joint venture during the second half of this year with a strong partner that enjoys immense access to European retailers to launch a buying office and wholesale business built on top of our enhanced merchandising platform.

CGL

CGL will leverage on its portfolio of unique lifestyle brands and focus on developing international distribution network. We expect that negotiations started during the first half of the year will assist CGL to develop a further stream of agency type business involving in franchising, licensing as well as products buying and sourcing.

EMPLOYEE INFORMATION

At 30 June 2004, the Group had 1,194 employees, of which 192 were at CFSG Group and 921 at Pricerite Group. Our employees were remunerated according to their performance, working experience and market conditions. In addition to basic salaries and Mandatory Provident Fund schemes, we also offered staff benefits including medical schemes, discretionary share options, performance bonus and sales commission. The total amount of remuneration cost of employees of the Group for the period under review was approximately HK\$82.6 million. We continue to organise training to employees in areas such as continuous professional training programmes required by regulatory bodies, product knowledge, customer services, selling techniques, problem solving, language training, time management, coaching, etc.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2004, the interests or short positions of the Directors and chief executive 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 ("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 were as follows:

A. The Company

1. Long positions in the shares

Name	Capacity	Number of shares			Shareholding (%)
		Personal	Family	Other interest	
Kwan Pak Hoo Bankee	Founder of a discretionary trust	-	-	164,028,376*	44.88
Law Ping Wah Bernard	Beneficial owner	5,096,200	-	-	1.39
Chan Yau Ching Bob	Beneficial owner and family interest	70,500	200,200	-	0.07
Kwok Oi Kuen Joan Elmond	Beneficial owner	2,700,000	-	-	0.74
Law Ka Kin Eugene	Beneficial owner	125,000	-	-	0.03
Li Yuen Cheuk Thomas	Beneficial owner	2,501,875	-	-	0.68
		<u>10,493,575</u>	<u>200,200</u>	<u>164,028,376</u>	<u>47.79</u>

* The shares were held by Cash Guardian. Mr Kwan was deemed to be interested in all these shares as a result of his interests in Cash Guardian as disclosed in the "Substantial Shareholders" below.

2. *Long positions in the underlying shares – options under share option schemes*

Name	Date of grant	Exercise period	Exercise price per share (HK\$)	Notes	Number of options			Percentage to issued shares as at 30 June 2004 (%)
					outstanding as at 1 January 2004	lapsed during the period	outstanding as at 30 June 2004	
Kwan Pak Hoo Bankee	2/12/2003	2/12/2003 – 30/11/2005	0.502	(4)	3,000,000	–	3,000,000	0.82
Law Ping Wah Bernard	2/12/2003	2/12/2003 – 30/11/2005	0.502		3,000,000	–	3,000,000	0.82
Wong Kin Yick Kenneth	2/12/2003	2/12/2003 – 30/11/2005	0.502		1,000,000	–	1,000,000	0.27
Miao Wen Hao Felix	2/12/2003	2/12/2003 – 30/11/2005	0.502		1,000,000	–	1,000,000	0.27
Chan Yau Ching Bob	31/8/2001	1/3/2002 – 28/2/2004	2.600	(1)	1,500,000	(1,500,000)	–	–
	2/12/2003	2/12/2003 – 30/11/2005	0.502		3,000,000	–	3,000,000	0.82
Kwok Oi Kuen Joan Elmond	2/12/2003	2/12/2003 – 30/11/2005	0.502		3,000,000	–	3,000,000	0.82
Law Ka Kin Eugene	2/12/2003	2/12/2003 – 30/11/2005	0.502		1,000,000	–	1,000,000	0.27
Li Yuen Cheuk Thomas	2/12/2003	2/12/2003 – 30/11/2005	0.502		1,000,000	–	1,000,000	0.27
					<u>17,500,000</u>	<u>(1,500,000)</u>	<u>16,000,000</u>	<u>4.36</u>

Notes:

- (1) The options are vested in 2 tranches as to (i) 50% exercisable from the commencement of the exercise period; and (ii) 50% exercisable from the expiry of 6 months from the commencement of the exercise period.
- (2) The lapsed options were due to expiry.
- (3) No option was granted, exercised or cancelled during the period.
- (4) Mr Kwan Pak Hoo Bankee is also the substantial shareholder of the Company.
- (5) The options are held by the Directors in the capacity of beneficial owner.

B. Associated corporations (within the meaning of SFO)

1. CFSG

(a) Long positions in the shares

Name	Capacity	Number of shares		Shareholding (%)
		Personal	Other interest	
Kwan Pak Hoo Bankee	Founder of a discretionary trust	-	386,827,434*	51.27
Wong Kin Yick Kenneth	Beneficial owner	1,620,000	-	0.21
		<u>1,620,000</u>	<u>386,827,434</u>	<u>51.48</u>

* The shares were held by Celestial Investment Group Limited ("CIGL"), a wholly-owned subsidiary of the Company. Mr Kwan was deemed to be interested in all these shares as a result of his interests in the Company through Cash Guardian as disclosed in the "Substantial Shareholders" below.

(b) Long positions in the underlying shares – options under share option schemes

Name	Date of grant	Exercise period	Exercise price per share (Note (1)) (HK\$)	Notes	Number of options			Percentage
					outstanding	adjusted	outstanding	to issued
					as at 1 January 2004	on 24 April 2004 (Note (1))	as at 30 June 2004	shares as at 30 June 2004 (%)
Kwan Pak Hoo Bankee	3/11/2003	3/11/2003 – 31/10/2004	0.46	(4)	1,250,000	375,000	1,625,000	0.22
	2/12/2003	2/12/2003 – 30/11/2005	0.34	(4)	2,450,000	735,000	3,185,000	0.42
Law Ping Wah Bernard	26/3/2001	1/10/2001 – 30/9/2004	0.83	(2)	2,040,000	612,000	2,652,000	0.35
	3/11/2003	3/11/2003 – 31/10/2004	0.46		1,250,000	375,000	1,625,000	0.22
	2/12/2003	2/12/2003 – 30/11/2005	0.34		2,450,000	735,000	3,185,000	0.42
Wong Kin Yick Kenneth	26/3/2001	1/10/2001 – 30/9/2004	0.83	(2)	2,040,000	612,000	2,652,000	0.35
	3/11/2003	3/11/2003 – 31/10/2004	0.46		1,250,000	375,000	1,625,000	0.22
	2/12/2003	2/12/2003 – 30/11/2005	0.34		2,450,000	735,000	3,185,000	0.42
Miao Wen Hao Felix	26/3/2001	1/10/2001 – 30/9/2004	0.83	(2)	1,530,000	459,000	1,989,000	0.26
	3/11/2003	3/11/2003 – 31/10/2004	0.46		1,250,000	375,000	1,625,000	0.22
	2/12/2003	2/12/2003 – 30/11/2005	0.34		2,450,000	735,000	3,185,000	0.42
Chan Yau Ching Bob	3/11/2003	3/11/2003 – 31/10/2004	0.46		1,250,000	375,000	1,625,000	0.22
	2/12/2003	2/12/2003 – 30/11/2005	0.34		2,450,000	735,000	3,185,000	0.42
Kwok Oi Kuen Joan Elmond	3/11/2003	3/11/2003 – 31/10/2004	0.46		1,250,000	375,000	1,625,000	0.22
	2/12/2003	2/12/2003 – 30/11/2005	0.34		2,450,000	735,000	3,185,000	0.42
Law Ka Kin Eugene	26/3/2001	1/10/2001 – 30/9/2004	0.83	(2)	2,550,000	765,000	3,315,000	0.44
	3/11/2003	3/11/2003 – 31/10/2004	0.46		1,250,000	375,000	1,625,000	0.22
	2/12/2003	2/12/2003 – 30/11/2005	0.34		2,450,000	735,000	3,185,000	0.42
Li Yuen Cheuk Thomas	2/12/2003	2/12/2003 – 30/11/2005	0.34		2,450,000	735,000	3,185,000	0.42
					36,510,000	10,953,000	47,463,000	6.30

Notes:

- (1) The number and the exercise price of options which remained outstanding have been adjusted due to rights issue of shares in CFSG with effect from 24 April 2004.
- (2) The options are vested in 2 tranches as to (i) 50% exercisable from the commencement of the exercise period; and (ii) 50% exercisable from the expiry of 12 months from the commencement of the exercise period.
- (3) No option was granted, lapsed, exercised or cancelled during the period.
- (4) Mr Kwan Pak Hoo Bankee is also the substantial shareholder of the Company.
- (5) The options are held by the Directors in the capacity of beneficial owner.

(c) Long positions in the underlying shares – convertible note

Name	Date of convertible note	Exercise period	Conversion price per share (HK\$)	Number of underlying shares as at 30 June 2004	Percentage to issued shares as at 30 June 2004 (%)
Kwan Pak Hoo Bankee	28/9/2001	28/9/2001 – 31/12/2006	1.13	57,610,619	7.64

Note: The convertible note in the outstanding amount of HK\$65,100,000 was held by a subsidiary of CIGL, which in turn was a wholly-owned subsidiary of CASH. Mr Kwan was deemed to be interested in all these shares as a result of his interests in CASH through Cash Guardian as disclosed in the “Substantial Shareholders” below.

2. *Pricerite*

(a) Long positions in the shares

Name	Capacity	Number of shares	
		Other interest	Shareholding (%)
Kwan Pak Hoo Bankee	Founder of a discretionary trust	357,258,070*	67.00

* The shares were held as to 354,858,070 shares by CIGL and its subsidiaries and as to 2,400,000 shares by Cash Guardian. Mr Kwan was deemed to be interested in all these shares as a result of his interests in CASH through Cash Guardian as disclosed in the “Substantial Shareholders” below.

- (b) Long positions in the underlying shares – options under share option schemes

Name	Date of grant	Exercise period	Exercise price per share	Notes	Number of options			Percentage	
					outstanding as at 1 January 2004	lapsed during the period	adjusted on 2 March 2004	outstanding as at 30 June 2004	to issued shares as at 30 June 2004
					(HK\$)	(Note (2))	(%)	(%)	(%)
Kwan Pak Hoo Bankee	17/1/2002	1/2/2002 – 31/1/2004	4.200	(4)	1,000,000	(1,000,000)	-	-	-
	2/12/2003	2/12/2003 – 30/11/2004	0.358	(1)(8/4)	1,000,000	-	4,000,000	5,000,000	0.94
Law Ping Wah Bernard	17/1/2002	1/2/2002 – 31/1/2004	4.200		650,000	(650,000)	-	-	-
	2/12/2003	2/12/2003 – 30/11/2004	0.358	(1)	1,000,000	-	4,000,000	5,000,000	0.94
Miao Wen Hao Felix	2/12/2003	1/12/2004 – 30/11/2005	0.358	(1)	500,000	-	2,000,000	2,500,000	0.47
Chan Yau Ching Bob	2/12/2003	2/12/2003 – 30/11/2004	0.358	(1)	1,000,000	-	4,000,000	5,000,000	0.94
Li Yuen Cheuk Thomas	17/1/2002	1/2/2002 – 31/1/2004	4.200		300,000	(300,000)	-	-	-
	2/12/2003	1/12/2004 – 30/11/2005	0.358	(1)	500,000	-	2,000,000	2,500,000	0.47
					<u>5,950,000</u>	<u>(1,950,000)</u>	<u>16,000,000</u>	<u>20,000,000</u>	<u>3.76</u>

Notes:

- (1) The number and the exercise price of options which remain outstanding have been adjusted due to share subdivision of Pricerite for 1 share to 5 shares with effect from 2 March 2004.
- (2) The lapsed options were due to expiry.
- (3) No options was granted, exercised or cancelled during the period.
- (4) Mr Kwan Pak Hoo Bankee is also a substantial shareholder of the Company.

Save as disclosed above, as at 30 June 2004, none of the Directors, chief executive or their associates had any personal, family, corporate or other beneficial 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).

SHARE OPTION SCHEMES

The Company

Details of share options to subscribe for shares in the Company granted to participants under the share option schemes of the Company during the six months ended 30 June 2004 were as follows:

Date of grant	Exercise period	Exercise price per share (HK\$)	Notes	Number of options		
				outstanding as at 1 January 2004	lapsed during the period (Note (3))	outstanding as at 30 June 2004
Directors						
31/8/2001	1/3/2002 – 28/2/2004	2.600	(1)	1,500,000	(1,500,000)	–
2/12/2003	2/12/2003 – 30/11/2005	0.502	(1)	16,000,000	–	16,000,000
				<u>17,500,000</u>	<u>(1,500,000)</u>	<u>16,000,000</u>
Employees						
31/8/2001	1/3/2002 – 28/2/2004	2.600	(2)	3,000,000	(3,000,000)	–
				<u>20,500,000</u>	<u>(4,500,000)</u>	<u>16,000,000</u>

Notes:

- (1) Details of the options granted to the Directors are set out in the section headed "Directors' Interests in Securities".
- (2) The options are vested in 2 tranches as to (i) 50% exercisable from the commencement of the exercise period; and (ii) 50% exercisable from the expiry of 6 months from the commencement of the exercise period.
- (3) The lapsed options were due to expiry.
- (4) No option was granted, exercised or cancelled during the period.

The subsidiaries

Details of share options to subscribe for shares in CFSG and Pricerite granted to participants under the share option schemes of CFSG and Pricerite respectively during the six months ended 30 June 2004 were as follows:

1. CFSG

Date of grant	Exercise period	Exercise price per share (Note (2)) (HK\$)	Notes	Number of options			outstanding as at 30 June 2004
				outstanding as at 1 January 2004	adjusted on 24 April 2004 (Note (2))	lapsed during the period (Note (4))	
Directors							
26/3/2001	1/10/2001 – 30/9/2004	0.83	(1)	8,160,000	2,448,000	–	10,608,000
3/11/2003	3/11/2003 – 31/10/2004	0.46	(1)	8,750,000	2,625,000	–	11,375,000
2/12/2003	2/12/2003 – 30/11/2005	0.34	(1)	19,600,000	5,880,000	–	25,480,000
				<u>36,510,000</u>	<u>10,953,000</u>	<u>–</u>	<u>47,463,000</u>
Employees							
26/3/2001	1/10/2001 – 30/9/2004	0.83	(3)	2,040,000	612,000	–	2,652,000
27/3/2001	1/10/2001 – 30/9/2004	0.83	(3)	754,800	220,320	(20,400)	954,720
3/11/2003	3/11/2003 – 31/10/2004	0.46		3,750,000	1,125,000	–	4,875,000
2/12/2003	1/6/2004 – 31/5/2006	0.34	(3)	17,750,000	5,115,000	(1,220,000)	21,645,000
				<u>24,294,800</u>	<u>7,072,320</u>	<u>(1,240,400)</u>	<u>30,126,720</u>
				<u>60,804,800</u>	<u>18,025,320</u>	<u>(1,240,400)</u>	<u>77,589,720</u>

Notes:

- (1) Details of the options granted to the Directors are set out in the section headed "Directors' Interests in Securities".
- (2) The number and the exercise price of options which remained outstanding have been adjusted due to rights issue of shares in CFSG with effect from 24 April 2004.
- (3) The options are vested in 2 tranches as to (i) 50% exercisable from the commencement of the exercise period; and (ii) 50% exercisable from the expiry of 12 months from the commencement of the exercise period.

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- (4) The lapsed options were due to cessation of employment of participants with the Group.
- (5) No option was granted, exercised or cancelled during the period.

2. *Pricerite*

Date of grant	Exercise period	Exercise price per share (HK\$)	Notes	Number of options				
				outstanding as at 1 January 2004	lapsed during the period (Note (3))	exercised during the period	adjusted on 2 March 2004	outstanding as at 30 June 2004
Directors								
17/1/2002	1/2/2002 – 31/1/2004	4.200	(1)	1,950,000	(1,950,000)	-	-	-
2/12/2003	2/12/2003 – 30/11/2004	0.358	(1)	3,000,000	-	-	12,000,000	15,000,000
2/12/2003	1/12/2004 – 30/11/2005	0.358	(1)	1,000,000	-	-	4,000,000	5,000,000
				<u>5,950,000</u>	<u>(1,950,000)</u>	<u>-</u>	<u>16,000,000</u>	<u>20,000,000</u>
Employees								
17/1/2002	1/2/2002 – 31/1/2004	4.200		1,750,000	(1,750,000)	-	-	-
2/12/2003	2/12/2003 – 30/11/2004	0.358	(2)	2,800,000	-	(2,800,000)	-	-
2/12/2003	1/12/2004 – 30/11/2005	0.358	(2)	3,500,000	-	-	14,000,000	17,500,000
				<u>8,050,000</u>	<u>(1,750,000)</u>	<u>(2,800,000)</u>	<u>14,000,000</u>	<u>17,500,000</u>
				<u>14,000,000</u>	<u>(3,700,000)</u>	<u>(2,800,000)</u>	<u>30,000,000</u>	<u>37,500,000</u>

Notes:

- (1) Details of the options granted to the Directors are set out in the section headed "Directors' Interests in Securities".
- (2) The number and the exercise price of options which remained outstanding have been adjusted due to share subdivision of Pricerite for 1 share to 5 shares with effect from 2 March 2004.
- (3) The lapsed options were due to expiry.
- (4) No option was granted or cancelled during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2004, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number of shares	Shareholding (%)
Jeffnet Inc (<i>Note</i>)	Trustee of a discretionary trust	164,028,376	44.88
Cash Guardian (<i>Note</i>)	Interest in a controlled corporation	164,028,376	44.88

Note: This refers to the same number of shares held by Cash Guardian (which is 100% beneficially owned by Jeffnet Inc ("Jeffnet")). Jeffnet held these shares as trustee of The Jeffnet Unit Trust, units of which were held by a discretionary trust established for the benefit of the family members of Mr Kwan Pak Hoo Bankee. Pursuant to SFO, Mr Kwan and Jeffnet were deemed to be interested in the shares held by Cash Guardian. The above interest has already been disclosed as other interest of Mr Kwan in the section headed "Directors' Interests in Securities" above.

Save as disclosed above, as at 30 June 2004, no other parties were recorded in the register required by the SFO to be kept as having an interest of 5% or more of the issued share capital of the Company.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonable indicate that the Company is not, or was not for any part of the accounting period from 1 January 2004 to 30 June 2004, in compliance with Code of Best Practice as set out in Appendix 14 of the Listing Rules, save that the Independent Non-executive Directors of the Company were not appointed for specific terms but subject to retirement by rotation at annual general meeting as specified by the Company's bye-laws.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2004, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities.

On behalf of the Board

Bankee P Kwan

Chairman & CEO

As at the date hereof, the executive Directors are Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Wong Kin Yick Kenneth, Mr Miao Wen Hao Felix, Dr Chan Yau Ching Bob, Ms Kwok Oi Kuen Joan Elmond, Mr Law Ka Kin Eugene, Mr Li Yuen Cheuk Thomas, the independent non-executive Directors are Mr Chan Hak Sin, Mr Leung Ka Kui Johnny and Mr Wong Chuk Yan.

Hong Kong, 18 August 2004