



# SOUTH CHINA BROKERAGE COMPANY LIMITED

(Incorporated in Hong Kong Special Administrative Region of the People's Republic of China with limited liability)

(Stock Code: 619)

## 2004 INTERIM REPORT

### UNAUDITED INTERIM RESULTS

The Directors of South China Brokerage Company Limited (the "Company") announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2004 are as follows:-

### CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2004	2003
		<i>Unaudited</i>	<i>Unaudited</i>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Turnover</b>	2	<b>68,538</b>	50,456
Other revenue	2	<b>3,356</b>	1,353
Surplus on revaluation of an investment property		<b>11,000</b>	—
Gain on disposal of long term investments		—	3,076
Reversal of impairment of long term investments		<b>1,610</b>	611
Decrease in fair values of short term investments		<b>(7,456)</b>	(3,010)
Provisions for bad and doubtful debts		<b>(2,650)</b>	(3,469)
Other operating expenses		<b>(52,475)</b>	(58,289)
<b>Profit/(loss) from operating activities</b>	2 & 3	<b>21,923</b>	(9,272)
Finance costs		<b>(535)</b>	(716)
<b>Profit/(loss) before tax</b>		<b>21,388</b>	(9,988)
Tax	4	—	16
<b>Profit/(loss) before minority interests</b>		<b>21,388</b>	(9,972)
Minority interests		<b>(13)</b>	(48)
<b>Profit/(loss) attributable to shareholders</b>		<b>21,375</b>	(10,020)
<b>Basic earnings/(loss) per share</b>	5	<b>0.44 HK cent</b>	(0.21) HK cent

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	As at 30 June 2004 <i>Unaudited</i> HK\$'000	As at 31 December 2003 <i>Audited</i> HK\$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets		6,280	6,749
Investment property		95,000	84,000
Intangible assets		998	998
Other assets		5,855	5,955
Long term investments		4,849	3,247
Long term loans receivable		4,090	3,404
Deferred tax assets		3,992	3,992
		<u>121,064</u>	<u>108,345</u>
<b>CURRENT ASSETS</b>			
Short term investments		79,861	59,801
Loans and advances		174,387	189,306
Trade debtors	6	64,153	75,401
Tax recoverable		306	471
Other debtors, prepayments and deposits		9,155	9,468
Amount due from an intermediate holding company		—	3,039
Pledged time deposits		—	1,500
Cash held on behalf of clients		194,243	275,064
Cash and bank balances		67,516	53,218
		<u>589,621</u>	<u>667,268</u>
<b>CURRENT LIABILITIES</b>			
Client deposits		204,632	246,533
Trade creditors	6	57,137	100,423
Tax payable		187	62
Other creditors and accruals		7,947	10,680
Finance lease payables		195	187
Interest-bearing bank and other borrowings		156,828	142,279
		<u>426,926</u>	<u>500,164</u>
<b>NET CURRENT ASSETS</b>		<u>162,695</u>	<u>167,104</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>283,759</u>	<u>275,449</u>
<b>NON-CURRENT LIABILITIES</b>			
Finance lease payables		407	507
Interest-bearing bank and other borrowings		24,194	27,063
		<u>24,601</u>	<u>27,570</u>
<b>MINORITY INTERESTS</b>		<u>1,387</u>	<u>1,749</u>
		<u>257,771</u>	<u>246,130</u>
<b>CAPITAL AND RESERVES</b>			
Issued capital		121,550	121,550
Reserves		136,221	124,580
		<u>257,771</u>	<u>246,130</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE GROUP	Issued capital <i>Unaudited</i> HK\$'000	Reserves <i>Unaudited</i> HK\$'000	Accumulated losses <i>Unaudited</i> HK\$'000	Total <i>Unaudited</i> HK\$'000
At 1 January 2004	121,550	203,466	(78,886)	246,130
Net decrease in fair value of long term investments not recognised in the income statement	—	(10)	—	(10)
Profit for the period	—	—	21,375	21,375
Dividend paid	—	—	(9,724)	(9,724)
<b>At 30 June 2004</b>	<b>121,550</b>	<b>203,456</b>	<b>(67,235)</b>	<b>257,771</b>
At 1 January 2003	121,550	203,385	(112,315)	212,620
Net increase in fair value of long term investments not recognised in the income statement	—	17	—	17
Loss for the period	—	—	(10,020)	(10,020)
<b>At 30 June 2003</b>	<b>121,550</b>	<b>203,402</b>	<b>(122,335)</b>	<b>202,617</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2004 <i>Unaudited</i> HK\$'000	2003 <i>Unaudited</i> HK\$'000
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	13,419	(3,122)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(2,110)	6,563
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	4,150	(8,527)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,459	(5,086)
Cash and cash equivalents at beginning of the period	52,057	2,273
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>67,516</b>	<b>(2,813)</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	67,516	25,282
Bank overdrafts	—	(28,095)
	<b>67,516</b>	<b>(2,813)</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

### 1. Principal Accounting Policies

The unaudited condensed interim financial statements (“interim financial statements”) have been prepared in accordance with the requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited and the compliance with the Statement of Standard Accounting Practice No. 25 Interim Financial Reporting issued by the Hong Kong Society of Accountants.

These interim financial statements should be read in conjunction with the 2003 annual financial statements.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2003.

### 2. Segment Information

(a) An analysis of the Group’s revenue and contribution to profit/(loss) from operating activities by business segment is as follows:

#### For the six months ended 30 June 2004

	Securities broking HK\$’000	Securities trading and investment HK\$’000	Margin financing and money lending HK\$’000	Corporate advisory and underwriting HK\$’000	Property investment and others HK\$’000	Eliminations HK\$’000	Consolidated HK\$’000
Segment revenue:							
Sales to external customers	43,717	6,110	16,057	4,156	1,854	—	71,894
Intersegment sales	—	—	308	—	—	(308)	—
	<u>43,717</u>	<u>6,110</u>	<u>16,365</u>	<u>4,156</u>	<u>1,854</u>	<u>(308)</u>	<u>71,894</u>
Contribution from segments	<u>7,268</u>	<u>(1,003)</u>	<u>5,135</u>	<u>(403)</u>	<u>10,926</u>		<u>21,923</u>

#### For the six months ended 30 June 2003

	Securities broking HK\$’000	Securities trading and investment (note) HK\$’000	Margin financing and money lending HK\$’000	Corporate advisory and underwriting HK\$’000	Property investment and others HK\$’000	Eliminations HK\$’000	Consolidated HK\$’000
Segment revenue:							
Sales to external customers	18,896	—	23,271	8,581	1,061	—	51,809
Intersegment sales	—	—	192	—	—	(192)	—
	<u>18,896</u>	<u>—</u>	<u>23,463</u>	<u>8,581</u>	<u>1,061</u>	<u>(192)</u>	<u>51,809</u>
Contribution from segments	<u>(13,172)</u>	<u>(509)</u>	<u>6,169</u>	<u>(303)</u>	<u>(1,457)</u>		<u>(9,272)</u>

Note: Segment revenue of securities trading and investment for the six months ended 30 June 2003 included net loss on disposal of trading securities and futures contracts of approximately HK\$231,000 and dividend income from listed securities of approximately HK\$231,000. The segment revenue was therefore being net off.

(b) Over 90% of the Group’s revenue and results are derived from Hong Kong.

### **3. Depreciation**

Profit from operating activities for the period is arrived at after charging depreciation of approximately HK\$2,574,000 (six months ended 30 June 2003: HK\$3,697,000) in respect of the Group's fixed assets.

### **4. Taxation**

Hong Kong profits tax was provided at the rate of 17.5% (six months ended 30 June 2003: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong. Taxes on profits assessable elsewhere have been calculated at rates of taxation prevailing in the countries in which the Group operates.

### **5. Basic earnings/(loss) per share**

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders of HK\$21,375,000 (six months ended 30 June 2003: loss of HK\$10,020,000) and 4,861,990,940 ordinary shares (six months ended 30 June 2003: 4,861,990,940 ordinary shares) in issue during the period.

Diluted earnings/(loss) per share is not shown, as no diluting events existed during the period.

### **6. Trade debtors and creditors**

All of the Group's trade debtors and creditors are aged within 90 days.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group's business benefited from the V-shape rebound of Hong Kong economy that was sustained till the first quarter of 2004 from the second half of 2003. However, the market became sluggish in the second quarter of 2004. The surging oil price, rising United States interest rates and strengthening of China's austerity measures to cool the economy all combined to check the growth.

The Group achieved an encouraging result for the first six months ended 30 June 2004. Compared to the same period last year, the Group's turnover increased 36% to HK\$68.5 million and our results took a turn from loss in the same period last year to a profit of HK\$21.4 million.

We continue to seek effective measures to bring down direct and indirect costs without compromising any of our service standards. The result was promising as reflected by the fact that the administrative and operating expenses were further reduced by 10% to HK\$52.5 million, compared to the same period last year.

#### ***Securities broking, trading and investment***

With the improvement of overall market sentiment, the average stock market daily turnover increased from HK\$6.95 billion for the first half of 2003 to HK\$16.69 billion in the same period in 2004. Our commission income from securities and commodities broking also benefited from this improvement and increased by 131% to HK\$43.7 million for the first half of 2004 as compared with the same period last year. Reopening of a local branch in Kwun Tong in March 2004 further contributed to the improvement of performance. Online securities broking made substantial growth in income for the first half of 2004, being 329% as compared with same period in 2003. Both the trading volume and the number of clients for online securities trading continued to grow. The result of securities broking for the first half of 2004 was a profit of HK\$7.3 million as compared with a loss of HK\$13.2 million for the same period in 2003.

During the period, income from securities trading and investment was HK\$6.1 million. The Hang Seng Index shed 2.3 per cent in the first six months against a 2.7 per cent gain a year ago. There was a reversal of impairment of long-term investments of HK\$1.6 million and decrease in fair value of short term investments of HK\$7.5 million which resulted in an overall loss of HK\$1 million in this segment. The Group had trading securities of HK\$79.9 million and non-trading securities of HK\$4.8 million in value by the end of the period.

### ***Margin financing and money lending***

Our loan and advances portfolio for margin financing and personal loan contracted by 7% to HK\$178.5 million. The overall income from our loan portfolio for margin financing and personal loan declined by 30% to HK\$16.4 million. With stringent cost controls and saving from consolidation and closure of some local branches engaging in personal lending in 2003, contribution from this segment only decreased by 17% and reduced to HK\$5.1 million from HK\$6.2 million in the preceding period. In order to maintain a prudent accounting practice, provisions for bad and doubtful debts of HK\$2.7 million had been made.

### ***Corporate advisory and underwriting***

Some of the deals arranged in 2003 and first half of 2004 were further deferred in view of the weakened market sentiment in second quarter. Revenue from this segment declined by 52% to HK\$4.2 million as compared with the last interim period and resulted in a loss of HK\$0.4 million. However, we will continue our effort in getting more PRC-related IPO business and corporate advisory assignments.

### ***Property investment and others***

Rental income from the investment property at Lippo Centre increased by 75% to HK\$1.9 million comparing with the 2003 interim result as the rentable area was fully leased out by September 2003. In view of the continued recovery of the local property market in the first half of 2004, we reassessed the value of investment property with reference to the open market value of the investment property as at the balance sheet date. Accordingly, we recorded a surplus on revaluation of the investment property of HK\$11 million.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group has obtained facilities which are renewable on a yearly basis from a number of banks. The facilities for the share margin finance operations are secured by the securities of margin clients and the Group. The facilities for the money lending operations are clean loans. All the facilities are guaranteed by the Company.

As at 30 June 2004, the Group's long term bank borrowings apart from those for share margin finance business and personal loan business amounted to HK\$20 million (31 December 2003: HK\$21 million), which, when related to the Group's shareholders' fund of HK\$257.8 million (31 December 2003: HK\$246.1 million), are equivalent to a gearing ratio of approximately 7.8% (31 December 2003: 8.6%).

## **CAPITAL STRUCTURE**

The Group had no other debt securities or capital instruments as at 30 June 2004 and up to the date of this report.

## **INVESTMENTS**

For the six months ended 30 June 2004, long term securities investments increased due to increase in fair values of the long term securities investments by HK\$1.6 million.

Short term securities investments were increased by HK\$20 million after accounting for the decrease in fair values of short term securities investments by HK\$7.5 million and net addition of short term securities investment by HK\$27.5 million.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group had no material acquisitions and disposals of subsidiaries and associates for the six months ended 30 June 2004.

## **PLEDGES OF ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS**

There was no material change in the Group's pledges of assets, contingent liabilities and commitments as compared to the most recent published annual report.

## PROSPECTS

Looking ahead to the second half, the Hong Kong economy should still be bright, underwritten by alleviated unemployment rate and weakened deflationary forces. China seems able to contain economic excesses and maintain a high rate of growth. The United States economy has slowed but still growth quite strongly and there is a lot of investment capital looking for opportunities around the world. Moreover, United States economic data suggested jitters over an interest rate hike are not an immediate concern and the trend of rising interest rate implies a strong performance by the United States economy. Thus, the local stock market is likely to reach a higher level later this year and already activity has picked up and large new IPO's are on the way.

The Group has launched the trading of futures contracts in the existing online trading platform in August 2004. We are positive with the growth rate of this new service in the coming future. We will continue to fortify and diversify our product base to generate more income, and to exert strict control over costs.

## EMPLOYEES

As at 30 June 2004, the total number of employees of the Group was approximately 193 (30 June 2003: approximately 163).

The Group considers its employees as its most valuable asset. Apart from salary payment, other staff benefits include medical subsidies, life insurance, provident fund and subsidized external training. Continuous Professional Training will continue to be arranged for those staff registered with the Securities and Futures Commission. Performance of the employees is normally reviewed on an annual basis with adjustment compatible to the market. Individual employee may also receive a discretionary bonus at the end of each year based on performance. The Company adopted a new share option scheme on 18 June 2002.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Directors resolved not to declare an interim dividend for the six months ended 30 June 2004 (2003: Nil).

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

As at 30 June 2004, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

#### (a) *The Company*

Name of Director	Capacity	Number of Ordinary Shares	Total Number of Ordinary Shares
Mr. Ng Hung Sang, Robert ("Mr. Ng")	Beneficial owner Interests of controlled corporations	7,378,000 3,626,452,500 ( <i>Note a</i> )	3,633,830,500
Mr. Richard Howard Gorges ("Mr. Gorges")	Beneficial owner	16,174,000	16,174,000

**(b) Associated Corporations**

**(i) South China Holdings Limited (“SCH”) (Note b)**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Ordinary Shares</b>	<b>Total Number of Ordinary Shares</b>
Mr. Ng	Beneficial owner	71,652,200	1,344,181,812
	Interests of controlled corporations	1,272,529,612 (Note c)	
Mr. Gorges	Interests of controlled corporations	487,949,760 (Note c)	487,949,760
Ms. Cheung Choi Ngor, Christina (“Ms Cheung”)	Interests of controlled corporations	487,949,760 (Note c)	487,949,760

**(ii) South China Industries Limited (“SCI”) (Note d)**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Ordinary Shares</b>
Mr. Ng	Interests of controlled corporations	396,621,357 (Note e)

**(iii) Nority International Group Limited (“Nority”) (Note f)**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Ordinary Shares</b>
Mr. Ng	Interests of controlled corporations	114,118,540 (Note g)

**(iv) Wab Shing International Holdings Limited (“Wab Shing”) (Note h)**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Ordinary Shares</b>
Mr. Ng	Interests of controlled corporations	169,669,688 (Note i)

**(v) South China Financial Credits Limited (“SCFC”) (Note j)**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Ordinary Shares</b>
Mr. Ng Yuk Yeung Paul	Beneficial owner	250,000

**(vi) The Express News Limited (“Express News”) (Note k)**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Ordinary Shares</b>
Mr. Ng	Interests of controlled corporations	30 (Note l)

Save as disclosed above, none of the directors or chief executive of the Company had, as at 30 June 2004, 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 would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.



*Notes:*

- (a) The 3,626,452,500 shares in the Company are held by certain wholly-owned subsidiaries of SCH. By virtue of the interests in the shares of SCH in relation to which Mr. Ng has a duty of disclosure under the SFO in the issued share capital of SCH as described in Note (c) below and as a director of SCH, Mr. Ng is taken to have a duty of disclosure in relation to the said shares of the Company under the SFO.
- (b) The Company is a 74.59% owned subsidiary of SCH.
- (c) Mr. Ng, Ms. Cheung and Mr. Gorges, through companies wholly owned and controlled by them, have interests in 487,949,760 shares in SCH. Mr. Ng personally owns 71,652,200 shares and through companies wholly owned and controlled by him, beneficially owns 784,579,852 shares in SCH.
- (d) SCI is a 74.79% owned subsidiary of SCH.
- (e) The 396,621,357 shares in SCI are held by certain wholly-owned subsidiaries of SCH. By virtue of the interests in the shares of SCH in relation to which Mr. Ng has a duty of disclosure under the SFO in the issued share capital of SCH as described in Note (c) above and as a director of SCH, Mr. Ng is taken to have a duty of disclosure in relation to the said shares of SCI under the SFO.
- (f) SCI owns a 42.56% shareholding in Nority and is considered as SCI's associated corporation.
- (g) The 114,118,540 shares in Nority are held by an indirect wholly-owned subsidiary of SCI. By virtue of the interests in the shares of SCH in relation to which Mr. Ng has a duty of disclosure under the SFO in the issued share capital of SCH as described in Note (c) above and as a director of SCH, Mr. Ng is taken to have a duty of disclosure in relation to the said shares of Nority under the SFO.
- (h) Wah Shing, a Singapore listed company, is a 62.34% owned subsidiary of SCI.
- (i) The 169,669,688 shares in Wah Shing are held by a wholly-owned subsidiary of SCI. By virtue of the interests in the shares of SCH in relation to which Mr. Ng has a duty of disclosure under the SFO in the issued share capital of SCH as described in Note (c) above and as a director of SCH, Mr. Ng is taken to have a duty of disclosure in relation to the said shares of Wah Shing under the SFO.
- (j) SCFC is a 97.34% owned subsidiary of the Company.
- (k) Express News is a 70% owned subsidiary of SCH.
- (l) Mr. Ng and his family, through a company wholly-owned and controlled by them, have interests in 30 shares in Express News.
- (m) All interests disclosed above represent long positions in the shares of the Company.

## **INFORMATION ON SHARE OPTIONS**

On 18 June 2002, the new share option scheme ("New Scheme") of the Company became effective and the share option scheme of the Company adopted in 1993 was terminated.

No share option has been granted or outstanding under the New Scheme since its adoption.

Save as disclosed herein, at no time during the period ended 30 June 2004, the Directors and chief executives had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations required to be disclosed pursuant to the SFO.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of SFO showed that the following shareholders had relevant interests in the issued share capital of the Company:

Name of shareholders	Number of Ordinary Shares	Notes	% Holding
East Hill Development Limited (“East Hill”)	1,800,000,000		37.02%
Tek Lee Finance and Investment Corporation Limited (“Tek Lee”)	3,626,452,500	(a)	74.59%
South China (BVI) Limited	3,626,452,500	(b)	74.59%
SCH	3,626,452,500	(b)	74.59%
Mr. Ng	3,633,830,500	(c)	74.74%

Notes:

- (a) Tek Lee is the holding company of East Hill. The 3,626,452,500 shares referred to above include the 1,800,000,000 shares held by East Hill.
- (b) SCH is the holding company of South China (BVI) Limited, which in turn is the holding company of Tek Lee. The 3,626,452,500 shares referred to the same parcel of shares in Note (a) above.
- (c) Mr. Ng through his indirect interest in SCH is taken to be interested in 3,626,452,500 shares referred to Note (a) above in which SCH is interested by virtue of the SFO.
- (d) All interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, as at 30 June 2004, the Company has not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## PURCHASE, REDEMPTION OR SALE OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company’s listed securities during the period ended 30 June 2004.

## AUDIT COMMITTEE

The audit committee has reviewed with the management the financial reporting matters, including the unaudited condensed financial statements, related to the preparation of the interim report for the six months ended 30 June 2004.

## 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 accounting period covered by this interim report in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that the non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company’s Articles of Association.

On behalf of the Board  
**Ng Hung Sang, Robert**  
Chairman

Hong Kong Special Administrative Region of  
The People’s Republic of China  
21 September 2004