



RISING DEVELOPMENT HOLDINGS LIMITED
麗盛集團控股有限公司
(Incorporated in Bermuda with limited liability)

INTERIM REPORT
2004

FOR THE SIX MONTHS ENDED
30TH SEPTEMBER 2004

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Directors") of Rising Development Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2004 together with the comparative figures for the corresponding period in 2003. These interim consolidated financial statements have not been audited but have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2004

		Unaudited Six months ended 30th September	
	Note	2004 HK\$'000	2003 HK\$'000
TURNOVER	2	123,356	63,770
Cost of sales		<u>(97,418)</u>	<u>(50,549)</u>
Gross profit		25,938	13,221
Other revenue		10,073	11,480
Selling and distribution expenses		(2,087)	(1,951)
Operating and administrative expenses		(7,642)	(8,080)
Non-operating expenses	3	(1,279)	-
Unrealised gain on investments in listed equity securities		<u>1,613</u>	<u>1,698</u>
PROFIT FROM OPERATING ACTIVITIES	3	26,616	16,368
Finance costs		<u>(177)</u>	<u>(5)</u>
PROFIT BEFORE TAX		26,439	16,363
Taxation	4	<u>(1,380)</u>	<u>(1,238)</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		25,059	15,125
Dividends	5	<u>(9,957)</u>	<u>(4,779)</u>
RETAINED PROFIT FOR THE PERIOD		<u>15,102</u>	<u>10,346</u>
EARNINGS PER SHARE	6		
Basic		<u>HK6.29 cents</u>	<u>HK3.79 cents</u>
Diluted		<u>HK6.25 cents</u>	<u>HK3.79 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER 2004 AND 31ST MARCH 2004

		(Unaudited) 30th September 2004	(Audited) 31st March 2004
	Note	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Fixed assets		15,799	16,600
Investment properties		2,700	2,700
Other investments	9	113,236	143,457
		<u>131,735</u>	<u>162,757</u>
CURRENT ASSETS			
Inventories		61,401	81,479
Prepayments, deposits and other receivables		3,643	4,990
Trade receivables	7	21,243	3,590
Other investments	9	29,920	32,080
Cash and cash equivalents		52,688	47,947
		<u>168,895</u>	<u>170,086</u>
CURRENT LIABILITIES			
Trust receipt loans, secured		16,566	18,094
Trade payables	8	2,832	7,902
Other payables and accruals		23,276	32,352
Current portion of finance lease payable		15	15
Tax payable		6,008	4,628
		<u>48,697</u>	<u>62,991</u>
NET CURRENT ASSETS		<u>120,198</u>	<u>107,095</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		251,933	269,852
NON-CURRENT LIABILITIES			
Finance lease payable		17	25
Deferred tax		48	48
		<u>65</u>	<u>73</u>
		<u>251,868</u>	<u>269,779</u>
CAPITAL AND RESERVES			
Share capital	10	39,826	39,826
Reserves		202,085	194,906
Proposed dividend		9,957	35,047
		<u>251,868</u>	<u>269,779</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2004

	(Unaudited)	
	Six months ended	
	30th September 2004	30th September 2003
	HK\$'000	HK\$'000
Net cash from operating activities	5,325	1,257
Net cash from investing activities	34,470	(812)
Net cash used in financing activities	(35,054)	(4,786)
Net increase in cash and cash equivalents	4,741	(4,341)
Cash and cash equivalents at 1st April	47,947	71,901
Cash and cash equivalents at 30th September	<u>52,688</u>	<u>67,560</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<u>52,688</u>	<u>67,560</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY**

	(Unaudited)								
	Six months ended 30th September 2004								
	Share capital	Share premium account	Contributed surplus	Fixed asset revaluation reserve	Exchange fluctuation reserve	Investment revaluation reserve	Statutory reserve fund	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2004	39,826	48,252	5,830	1,631	118	12,662	12	126,401	234,732
Realized on disposal of listed debt securities	-	-	-	-	-	(3,315)	-	-	(3,315)
Realized on disposal of listed equity securities	-	-	-	-	-	(1,880)	-	-	(1,880)
Deficit on revaluation	-	-	-	-	-	(2,728)	-	-	(2,728)
Net profit for the period	-	-	-	-	-	-	-	25,059	25,059
At 30th September 2004	<u>39,826</u>	<u>48,252</u>	<u>5,830</u>	<u>1,631</u>	<u>118</u>	<u>4,739</u>	<u>12</u>	<u>151,460</u>	<u>251,868</u>

	(Unaudited)							
	Six months ended 30th September 2003							
	Share capital	Share premium account	Contributed surplus	Fixed asset revaluation reserve	Exchange fluctuation reserve	Investment revaluation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2003	39,826	48,252	5,830	171	118	1,763	126,139	222,099
Surplus on revaluation of investment in listed debt securities	-	-	-	-	-	7,372	-	7,372
Net profit for the period	-	-	-	-	-	-	15,125	15,125
At 30th September 2003	<u>39,826</u>	<u>48,252</u>	<u>5,830</u>	<u>171</u>	<u>118</u>	<u>9,135</u>	<u>141,264</u>	<u>244,596</u>

NOTES TO CONDENSED INTERIM ACCOUNTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed interim financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and investment properties and other investments, and in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25, “Interim Financial Reporting” and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation adopted in these unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31st March 2004.

2. SEGMENT INFORMATION

The following tables present revenue, profit and expenditure information for the Group’s business and geographical segments:

(a) Business segments:

2004	6 months ended 30th September 2004				Consolidated HK\$’000
	Manufacture and sales of fur garments HK\$’000	Trading of fur skins HK\$’000	Investments and others HK\$’000	Elimination HK\$’000	
Segment revenue:					
Sales to external customers	40,830	82,526	–	–	123,356
Intersegment	–	29,854	–	(29,854)	–
Other revenue	555	1,109	11,994	(3,908)	9,750
Total revenue	<u>41,385</u>	<u>113,489</u>	<u>11,994</u>	<u>(33,762)</u>	<u>133,106</u>
Segment results	9,345	9,518	8,008		26,871
Unallocated expenses					(578)
Interest income					<u>323</u>
Profit from operating activities					26,616
Finance costs					<u>(177)</u>
Profit before tax					26,439
Taxation					<u>(1,380)</u>
Net profit attributable to shareholders					<u>25,059</u>

2003	6 months ended 30th September 2003				Consolidated HK\$'000
	Manufacture and sales of fur garments HK\$'000	Trading of fur skins HK\$'000	Investments and others HK\$'000	Elimination HK\$'000	
Segment revenue:					
Sales to external customers	35,078	28,692	–	–	63,770
Intersegment	–	21,105	–	(21,105)	–
Other revenue	348	851	11,998	(2,199)	10,998
Total revenue	<u>35,426</u>	<u>50,648</u>	<u>11,998</u>	<u>(23,304)</u>	<u>74,768</u>
Segment results	4,774	1,533	9,921		16,228
Unallocated expenses					(342)
Interest income					482
Profit from operating activities					16,368
Finance costs					(5)
Profit before tax					16,363
Taxation					(1,238)
Net profit attributable to shareholders					<u>15,125</u>

(b) Geographical segments:

2004	6 months ended 30th September 2004				Consolidated HK\$'000
	Hong Kong and Mainland China HK\$'000	Japan HK\$'000	North America HK\$'000	Others HK\$'000	
Segment revenue:					
Sales to external customers	<u>83,487</u>	<u>14,996</u>	<u>14,109</u>	<u>10,764</u>	<u>123,356</u>
Segment results	<u>17,746</u>	<u>3,432</u>	<u>3,229</u>	<u>2,464</u>	<u>26,871</u>

2003	6 months ended 30th September 2003				Consolidated HK\$'000
	Hong Kong and Mainland China HK\$'000	Japan HK\$'000	North America HK\$'000	Others HK\$'000	
Segment revenue:					
Sales to external customers	<u>29,229</u>	<u>14,410</u>	<u>12,701</u>	<u>7,430</u>	<u>63,770</u>
Segment results	<u>11,528</u>	<u>1,961</u>	<u>1,729</u>	<u>1,010</u>	<u>16,228</u>

3. PROFIT FROM OPERATING ACTIVITIES

This is stated after (crediting) and charging the following:

	6 months ended	
	30th September	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Crediting		
Rental income	(134)	(109)
Interest income from other investments	(3,916)	(3,558)
Bank interest income	(323)	(482)
Net realised gain on investments in listed equity securities	(1,533)	(3,022)
Net realised gain on other long term investments	(2,171)	(286)
Net unrealised gain from transfer of held-to-maturity securities into other investments	–	(883)
Dividend income from listed equity securities	(640)	(451)
Charging		
Cost of inventories sold	97,418	50,549
Depreciation	977	1,314
Loss on disposal of fixed assets	8	66
Operating lease rentals on lands and buildings	266	307

Non-operating expenses in the consolidated profit and loss account for the six months ended 30th September 2004 represent exchange losses of HK\$1,279,000 (2003: HK\$Nil).

4. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit for the period.

The amount of taxation charged to the consolidated profit and loss account represents:

	6 months ended	
	30th September	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	<u>1,380</u>	<u>1,238</u>

There was no material unprovided deferred tax for the period.

5. DIVIDENDS

	6 months ended 30th September	
	2004 HK\$'000	2003 HK\$'000
Interim dividend proposed – HK2.5 cents (2003: HK1.2 cents) per ordinary share	9,957	4,779

The Board has resolved to declare an interim dividend of HK2.5 cents (2003: HK1.2 cents) per share payable to all the shareholders whose names appear on the Register of Members of the Company on Thursday, 2nd December 2004. The interim dividend will be paid on or about Wednesday, 8th December 2004.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$25,059,000 (2003: HK\$15,125,000). The basic earnings per share is based on the weighted average of 398,264,000 (2003: 398,264,000) ordinary shares in issue during the period.

Diluted earnings per share is based on the weighted average of 398,264,000 (2003: 398,264,000) ordinary shares in issue during the period plus the weighted average of 2,804,000 (2003: 1,208,000) ordinary shares deemed to be issued at no consideration if all outstanding share options had been exercised.

7. TRADE RECEIVABLES

The aging analysis of trade debtors is as follows:

	30th September 2004		31st March 2004	
	HK\$'000	%	HK\$'000	%
0-30 Days	16,096	76	612	17
31-60 Days	418	2	398	11
More than 60 Days	4,729	22	2,580	72
	<u>21,243</u>	<u>100</u>	<u>3,590</u>	<u>100</u>

8. TRADE PAYABLES

The aging analysis of trade payables is as follow:

	30th September 2004		31st March 2004	
	HK\$'000	%	HK\$'000	%
0-30 Days	715	25	6,823	86
31-60 Days	529	19	380	5
More than 60 Days	1,588	56	699	9
	<u>2,832</u>	<u>100</u>	<u>7,902</u>	<u>100</u>

9. OTHER INVESTMENTS

	30th September 2004	31st March 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
At market value:		
Equity securities listed in Hong Kong	29,920	58,368
Equity securities listed outside Hong Kong	7,001	–
Debt securities listed outside Hong Kong	98,435	117,169
At cost:		
Unlisted shares outside Hong Kong	7,800	–
	<u>143,156</u>	<u>175,537</u>

Other investments analysed for reporting purposes as:

Current		
– trading listed equity securities	29,920	32,080
Non-current		
– non-trading listed debt securities	98,435	117,169
– non-trading listed equity securities	7,001	26,288
– unlisted shares outside Hong Kong	7,800	–
	<u>113,236</u>	<u>143,457</u>
	<u>143,156</u>	<u>175,537</u>

10. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
<i>Authorised</i>		
Ordinary shares of HK\$0.1 each at 1st April 2004 and 30th September 2004	<u>1,000,000,000</u>	<u>100,000</u>
<i>Issued and fully paid</i>		
at 1st April 2004 and 30th September 2004	<u>398,264,000</u>	<u>39,826</u>

11. CONTINGENT LIABILITIES

At 30th September 2004, the Group did not have any significant contingent liabilities. The Company has provided corporate guarantees to banks for banking facilities provided to its subsidiaries. At 30th September 2004, trust receipt loans amounting to HK\$16,566,000 (At 31st March 2004: HK\$18,094,000) have been utilised by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Business Review

During the first six months, the Group's turnover was HK\$123,356,000, an increase of 93% compared to the corresponding period last year. Net profit attributable to shareholders was HK\$25,059,000, an increase of 66% compared to the corresponding period last year while earnings per share was HK6.29 cents.

The Group achieved ideal results as its business was benefited from the recovering global economy as well as fur garment became popular in the fashion trend. In recent years, many internationally renowned fashion brands were eager to adopt fur in their designs, which facilitated the demand in fur apparel and fur trims. The fur industry in the region was thriving and there was a great demand in raw materials. As such, the Group's turnover of raw material trading recorded a sharp increase of 188% to HK\$82,526,000 compared to the corresponding period last year while the profit was HK\$9,518,000. In overall speaking, the sales of fur garment grew steadily. The market demand in North America, Europe and Russia remained vigorous, while the market growth in Japan and Korea were less favorable. During the period, the turnover was HK\$40,830,000, an increase of 16% compared to the corresponding period last year and the profit was HK\$9,345,000.

The investment environment was unstable throughout the year. The USA has raised its interest rates since the first half of the year while China also increased its interest rate recently. There were numerous uncertainties in the market and thus the Group has already adopted a prudent and diversified investment strategy, which brought about satisfactory profits to the Group during the period. The Group recorded investment income of HK\$11,994,000 and profits of HK\$8,008,000.

Prospects

With the continuous global economic growth, there is an increasing demand in fur from the consumers. Nowadays, fur products have become more popular among young people and the public, the sales of fur garment and fur skins are expected to keep active and the Group is greatly optimistic about the future prospect of its core business. The Group will continue to put efforts in improving its product design, strengthening its research and development capability, and enhancing its quality control and cost control in order to provide the customers and the consumers with competitive products in excellent quality. Apart from the overseas markets, the Group has achieved an encouraging result in implementing a trial retail sale in Hong Kong. In the future, the Group will grasp the ample opportunity brought about by the "individual travel" scheme and the Closer Economic Partnership Arrangement by focusing on the reinforcement of the retail of fur apparel, fashions and other related products.

For investment, since interest rate has reentered the cycle of bloom and the price of energy stays high, there are more uncertainties in the investment environment. The Group will adopt a more prudent and diversified investment strategy in order to strive for advancement in a prudent manner and to handle surplus capital with caution.

In order to establish a solid foundation for the development of the Group in the long run and to maximize the returns for the shareholders, the management is, other than the above mentioned business, proactively exploring ways to diversify the Group's business. The management is looking for other long-term businesses that generate stable incomes for the Group and demonstrate the strategic alliance advantage. The management is also applying its abundant capital to develop and establish creatively valuable assets.

I would like to take this opportunity to express my sincere appreciation of the support from our customers, suppliers and shareholders. I would also thank my fellow directors for their valuable contribution and all the staff members of our Group for their hard and dedicated work.

Liquidity and Financial Resources

The Group generally derives cash for operation from internal cash flow and facilities from Hong Kong banks. As at 30th September 2004, the Group has cash and cash equivalents of HK\$52,688,000 (At 31st March 2004: HK\$47,947,000). As at 30th September 2004, the Group's bank loan amounted to HK\$16,566,000 (At 31st March 2004: HK\$18,094,000), and shareholders' funds amounted to HK\$251,868,000 (At 31st March 2004: HK\$269,779,000). Accordingly, the gearing ratio is 7% (At 31st March 2004: 7%).

As far as financial position is concerned, the Group continues to adopt a cautious policy. There are no long-term debts and the Group has sufficient funds for future business expansions and diversification in investments.

Foreign Exchange Exposure

The Group's trading businesses are mainly conducted in US Dollars and Renminbi. There is no significant fluctuation in the exchange rate in Hong Kong dollar and Renminbi. The Group believes that the risk of exposure to exchange rate is minimal.

Employees

As at 30th September 2004, the Group employed around 300 employees in both Hong Kong and the Mainland. The Group continues to provide remuneration package, including share options to its employees based on prevailing market conditions.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2004, the interests and short positions of the directors 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 kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(a) Long positions in ordinary shares of HK\$0.1 each of the Company

Name of director	Notes	Personal interests	Corporate interests
Mr. Ng Ngan Lung	1	Nil	240,000,000
	2	Nil	33,720,000
Mr. Chong Hong Sang		4,000,000	Nil

Notes:

- 240,000,000 shares are owned by Fung Kong Worldwide Limited, a company incorporated in the British Virgin Islands. Its entire issued share capital is owned by Mr. Ng Ngan Lung.
- 33,720,000 shares are owned by Silver Sound Assets Limited, a company incorporated in the British Virgin Islands. Its entire issued share capital is owned by Mr. Ng Ngan Lung.

(b) Long positions in underlying shares – share options

Details of the interests of directors in share options of the Company are disclosed under the section "Share Option Scheme" in this report.

Saved as disclosed above, none of the directors had registered an interest and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' interests and short positions in shares, underlying shares and debentures" above and "Share option scheme" below, at no time during the period or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares in or debentures in the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

On 9th October 1997, the company adopted a Share Option Scheme (the "Scheme") which would lapse on 8th October 2007, pursuant to which the directors may, at their discretion to grant to selective employees of the Group including the directors to subscribe for shares of the Company up to a maximum aggregate number of shares equal to 10 per cent of the total issued shares of the company. The purpose of the Scheme is to allow grantee the opportunity to obtain equity interest in the company. No grantee would be granted option which would exceed 25 per cent of the total option available. The grant is subject to acceptance within 21 days of the offer. The consideration payable for the option is HK\$1.00. The exercisable price of the option is determined by the directors which shall be not less than the higher of the nominal value of the share or 80 per cent of the average five business days' closing price of the shares on The Stock Exchange of Hong Kong Limited immediate preceding the date of the grant.

The Scheme was terminated at the annual general meeting of the Company held on 30th July 2004. A new share option scheme which complied with the amended Chapter 17 of the Listing Rules was adopted at the same annual general meeting held on 30th July 2004. No share option has been granted by the Company under the new share option scheme.

The following table discloses movements in the Company's share options during the period and options outstanding at the beginning and end of the period.

Directors	Number of share options outstanding at 1st April 2004	Number of share options outstanding at 30th September 2004	Initial exercise price HK\$	Exercisable period
Mr. Ng Ngan Lung	5,000,000	5,000,000	0.29	7/1/1998 – 31/12/2007
Mr. Chong Hong Sang	1,000,000	1,000,000	0.38	8/8/2001 – 31/12/2007
Mr. William Carl Frick (resigned on 9.8.2004)	1,000,000	1,000,000	0.29	23/2/1998 – 31/12/2007
Employee	600,000	600,000	0.29	7/1/1998 – 31/12/2007
Total	<u>7,600,000</u>	<u>7,600,000</u>		

No share options were exercised by the Directors to subscribe for a share in the Company during the period.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30th September 2004, according to the register of interest in shares and short positions required to be kept by the Company under section 336 of the SFO, the Company has been notified that the following shareholders were interest in 5% or more of the share capital of the Company:

Name	Note	Number of shares held	Percentage of holding
Fung Kong Worldwide Ltd.	1	240,000,000	60.26%
Silver Sound Assets Ltd	2	33,720,000	8.47%

Notes:

1. The entire issued share capital of Fung Kong Worldwide Ltd is held and beneficially owned by Mr. Ng Ngan Lung.
2. The entire issued share capital of Silver Sound Assets Ltd is held and beneficially owned by Mr. Ng Ngan Lung.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interest and short positions in shares, underlying shares and debentures" above, had registered an interest and short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 2nd December 2004 to Tuesday, 7th December 2004 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 1st December 2004.

REPURCHASE OF SHARES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

CODE OF BEST PRACTICE

Except for the Company's independent non-executive directors not being appointed for a specific terms, 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 30th September 2004, in compliance with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 30th September 2004.

On Behalf of the Board
Ng Ngan Lung
Chairman

Hong Kong, 17th November 2004

As at the date of this report, the executive directors are Mr. Ng Ngan Lung, Freddy, Mr. Chong Hong Sang, Kenneth, Mr. Mui Chi Hung, Clarence and the independent non-executive directors are Ms. Ho Man Kay, Angela, Mr. Chan Wing Yuen, Hubert and Mr. Fan Sai Yee.