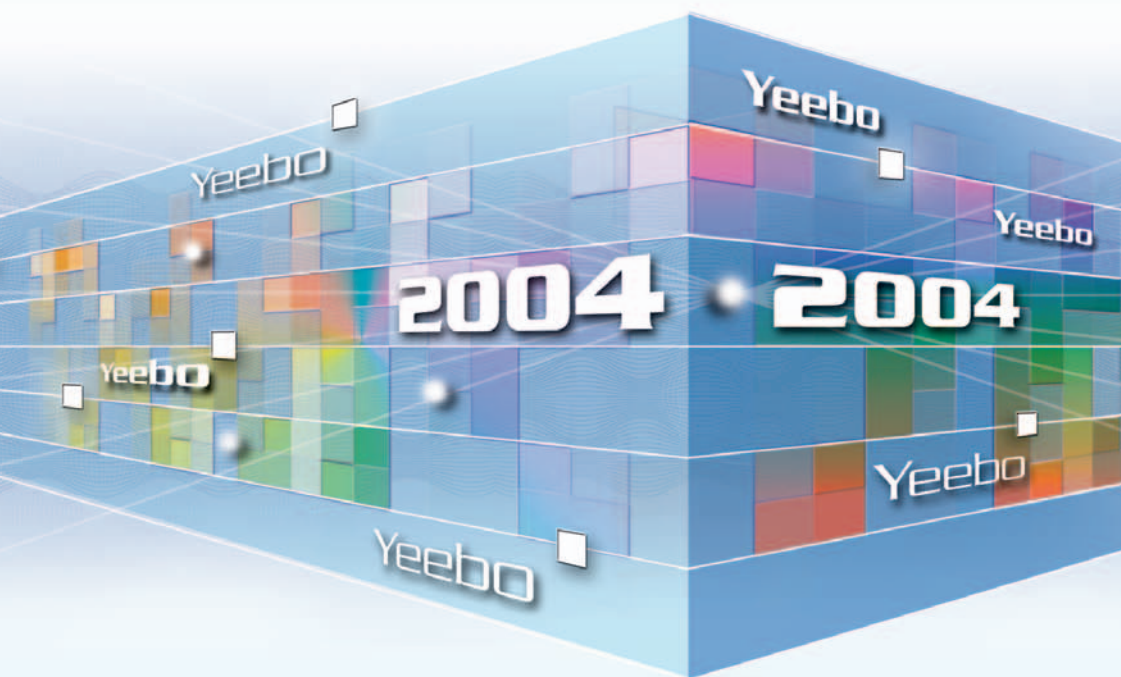




## **Yeebo (International Holdings) Limited**

(Incorporated in Bermuda with limited liability)



**Interim Report**

**2 0 0 4**

For the six months ended 30th September, 2004

The Board of Directors of Yeebo (International Holdings) Limited (the "Company") has pleasure in presenting the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2004 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2004

	Notes	Six months ended	
		30.9.2004 (Unaudited) HK\$'000	30.9.2003 (Unaudited) HK\$'000
Turnover		209,340	150,069
Cost of sales		(168,290)	(125,108)
Gross profit		41,050	24,961
Other operating income		1,353	1,912
Unrealised gain on investments in trading securities		1,776	26,118
Gain on disposal of investments in trading securities		–	3,297
Selling and distribution costs		(11,996)	(6,290)
Administrative expenses		(14,295)	(12,963)
Profit from operations	4	17,888	37,035
Finance costs		(1,229)	(1,921)
Share of results of associates		(2,771)	–
Profit before income tax		13,888	35,114
Income tax expense	5	(1,188)	(487)
Profit for the period		12,700	34,627
Proposed dividend	6	–	–
Earnings per share	7		
Basic		HK1.22 cents	HK3.32 cents



## CONDENSED CONSOLIDATED BALANCE SHEET

At 30th September, 2004

	Notes	30.9.2004 (Unaudited) HK\$'000	31.3.2004 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	180,777	152,806
Investment properties	9	380,900	254,900
Deposits for acquisition of plant and equipment		8,368	8,886
Interests in associates		36,399	39,172
Club debentures		1,459	1,459
		<b>607,903</b>	457,223
<b>Current assets</b>			
Inventories		107,052	77,154
Trade and other receivables	10	121,973	93,736
Bills receivable		2,736	4,604
Investments in trading securities		58,371	56,595
Bank balances and cash		13,290	10,270
		<b>303,422</b>	242,359
<b>Current liabilities</b>			
Trade and other payables	11	102,625	78,533
Bills payable		6,870	2,548
Amount due to an associate		3,706	3,917
Taxation payable		1,844	1,244
Trust receipt loans		5,796	–
Bank borrowings – due within one year	12	47,509	22,094
		<b>168,350</b>	108,336
<b>Net current assets</b>		<b>135,072</b>	134,023
<b>Total assets less current liabilities</b>		<b>742,975</b>	591,246
<b>Non-current liabilities</b>			
Bank borrowings – due after one year	12	158,848	135,969
Deferred taxation		708	120
		<b>159,556</b>	136,089
		<b>583,419</b>	455,157
<b>Capital and reserves</b>			
Share capital		208,713	208,713
Reserves		374,706	246,444
		<b>583,419</b>	455,157

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2004

	Share capital	Share premium	Capital reserve	Capital redemption reserve	Investment property revaluation reserve	Translation reserve	Accumulated (losses) profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2003 (Audited)	208,713	147,303	2,125	1,347	-	-	(19,833)	339,655
Profit for the period	-	-	-	-	-	-	34,627	34,627
At 30th September, 2003 (Unaudited)	208,713	147,303	2,125	1,347	-	-	14,794	374,282
Revaluation increase of investment properties	-	-	-	-	61,292	-	-	61,292
Exchange difference arising from translation of financial statements of an associate	-	-	-	-	-	(9)	-	(9)
Net gains (losses) not recognised in the income statement	-	-	-	-	61,292	(9)	-	61,283
Profit for the period	-	-	-	-	-	-	19,592	19,592
At 31st March, 2004 (Audited)	208,713	147,303	2,125	1,347	61,292	(9)	34,386	455,157
Revaluation increase of investment properties	-	-	-	-	126,000	-	-	126,000
Exchange difference arising from translation of financial statements of an associate	-	-	-	-	-	(2)	-	(2)
Net gains (losses) not recognised in the income statement	-	-	-	-	126,000	(2)	-	125,998
Profit for the period	-	-	-	-	-	-	12,700	12,700
Dividend paid (Note 6)	-	-	-	-	-	-	(10,436)	(10,436)
At 30th September, 2004 (Unaudited)	208,713	147,303	2,125	1,347	187,292	(11)	36,650	583,419



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For The six months ended 30th September, 2004

	Six months ended	
	30.9.2004 (Unaudited) <i>HK\$'000</i>	30.9.2003 (Unaudited) <i>HK\$'000</i>
Net cash generated from operating activities	<b>689</b>	4,699
Net cash used in investing activities	<b>(39,883)</b>	(23,124)
Net cash generated from financing activities	<b>42,512</b>	16,195
Net increase (decrease) in cash and cash equivalents	<b>3,318</b>	(2,230)
Cash and cash equivalents at beginning of the period	<b>9,972</b>	15,684
Cash and cash equivalents at end of the period, represented by bank balances and cash	<b>13,290</b>	13,454

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

*For the six months ended 30th September, 2004*

### 1. BASIS OF PREPARATION

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

### 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2004.



### 3. BUSINESS SEGMENTS

The Group's primary format for reporting segment information is business segment.

Six months ended 30th September, 2004 (Unaudited):

	<b>Liquid Crystal Display HK\$'000</b>	<b>Investment Property Holding HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
Turnover				
External sales	178,038	–	24,056	202,094
Rental income	–	7,246	–	7,246
	<b>178,038</b>	<b>7,246</b>	<b>24,056</b>	<b>209,340</b>
Result				
Segment result	11,976	5,724	1,426	19,126
Dividend income				475
Interest income				15
Unrealised gain on investments in trading securities				1,776
Unallocated overheads				(3,504)
Profit from operations				17,888
Finance costs				(1,229)
Share of results of associates				(2,771)
Profit before income tax				13,888
Income tax expense				(1,188)
Profit for the period				12,700

**3. BUSINESS SEGMENTS** (Continued)

Six months ended 30th September, 2003 (Unaudited):

	Liquid Crystal Display HK\$'000	Investment Property Holding HK\$'000	Others HK\$'000	Total HK\$'000
Turnover				
External sales	133,819	–	9,005	142,824
Rental income	–	7,245	–	7,245
	<u>133,819</u>	<u>7,245</u>	<u>9,005</u>	<u>150,069</u>
Result				
Segment result	<u>2,724</u>	<u>7,224</u>	<u>(1,051)</u>	<u>8,897</u>
Dividend income				1,251
Interest income				12
Unrealised gain on investments in trading securities				26,118
Gain on disposal of investments in trading securities				3,297
Unallocated overheads				<u>(2,540)</u>
Profit from operations				37,035
Finance costs				<u>(1,921)</u>
Profit before income tax				35,114
Income tax expense				<u>(487)</u>
Profit for the period				<u>34,627</u>

**4. PROFIT FROM OPERATIONS**

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

	Six months ended	
	30.9.2004 (Unaudited) HK\$'000	30.9.2003 (Unaudited) HK\$'000
Depreciation	12,754	11,877
Interest income	(15)	(12)





## 5. INCOME TAX EXPENSE

	Six months ended	
	30.9.2004 (Unaudited) HK\$'000	30.9.2003 (Unaudited) HK\$'000
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax	600	104
<hr/>		
Deferred tax charge:		
Current year	588	324
Attributable to a change in tax rate in Hong Kong	-	59
<hr/>		
	588	383
<hr/>		
	1,188	487
<hr/>		

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the period.

No provision for the income tax in the People's Republic of China (the "PRC") has been made in the condensed financial statements as the operations in the PRC have no assessable profit for both periods.

## 6. DIVIDEND

On 27th August, 2004, a dividend of HK1 cent per ordinary share (2003: nil) amounting to HK\$10,436,000 was paid to shareholders as the final dividend for 2004.

The directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2004 (2003: nil).

## 7. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.9.2004</b>	30.9.2003
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Earnings for the purposes of basic earnings per share	<b>12,700</b>	34,627
	<b>'000</b>	'000
Number of ordinary shares for the purposes of basic earnings per share	<b>1,043,564</b>	1,043,564

No diluted earnings per share has been presented for both periods as there were no potential dilutive ordinary shares in issue.

## 8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th September, 2004, the Group spent approximately HK\$40,891,000 on the additions to the property, plant and equipment to expand its operations.

## 9. INVESTMENT PROPERTIES

	<b>30.9.2004</b>	31.3.2004
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
At beginning of the period	<b>254,900</b>	193,000
Revaluation increase	<b>126,000</b>	61,900
At end of the period	<b>380,900</b>	254,900

The Group's investment properties are situated in Hong Kong and are held under long leases. They are rented to third parties under operating leases.

On 23rd November, 2004, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of certain of its investment properties with a carrying value of HK\$380,000,000 (the "Investment Properties") for a consideration of HK\$390,000,000.



## 9. INVESTMENT PROPERTIES *(Continued)*

The Investment Properties were revalued at 31st October, 2004 by Dudley Surveyors Limited, a firm of independent valuers, on an open market value basis, for the inclusion in a circular dated 17th December, 2004 (the "Circular") in respect of such disposal.

Details of the abovementioned disposal and the use of proceeds are set out in the Circular.

In the opinion of the directors, the carrying amount of the Investment Properties as at 30th September, 2004 approximated the revalued amount of HK\$380,000,000 as at 31st October, 2004. Accordingly, the Investment Properties as at 30th September, 2004 have been stated at HK\$380,000,000 (31st March, 2004: HK\$254,000,000) with a revaluation increase of HK\$126,000,000 being credited to the investment property revaluation reserve set out in the condensed consolidated statement of changes in equity.

The directors have also considered the carrying amount of the Group's remaining investment properties of HK\$900,000 (the "Remaining Investment Properties") at revalued amounts and have estimated that the carrying amount of the Remaining Investment Properties as at 30th September, 2004 does not differ significantly from that which would be determined using fair values at that date. Consequently, no revaluation surplus or deficit in respect of the Remaining Investment Properties has been recognised in the current period.

The investment properties were also revalued at 31st March, 2004 by the same firm of independent valuers, on an open market value basis. The revaluation gave rise to a revaluation increase of HK\$61,900,000, of which HK\$608,000 had been credited to the consolidated income statement for the year ended 31st March, 2004, the remaining HK\$61,292,000 had been credited to the investment property revaluation reserve set out in the condensed consolidated statement of changes in equity.

At 30th September, 2004, the Investment Properties with a carrying value of HK\$380,000,000 (31st March, 2004: HK\$254,000,000) were pledged to a bank to secure banking facilities granted to the Group.

**10. TRADE AND OTHER RECEIVABLES**

The Group allows a credit period of 30-120 days to its trade customers.

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

	<b>30.9.2004</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2004 (Audited) HK\$'000
Up to 30 days	<b>35,652</b>	30,412
31 – 60 days	<b>31,810</b>	24,950
61 – 90 days	<b>20,942</b>	9,494
91 – 120 days	<b>7,096</b>	9,307
Over 120 days	<b>10,035</b>	5,932
	<b>105,535</b>	80,095
Other receivables	<b>16,438</b>	13,641
	<b>121,973</b>	93,736

**11. TRADE AND OTHER PAYABLES**

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

	<b>30.9.2004</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2004 (Audited) HK\$'000
Up to 30 days	<b>18,986</b>	13,748
31 – 60 days	<b>29,010</b>	12,347
61 – 90 days	<b>5,679</b>	5,473
91 – 120 days	<b>3,542</b>	4,412
Over 120 days	<b>4,499</b>	2,601
	<b>61,716</b>	38,581
Other payables	<b>40,909</b>	39,952
	<b>102,625</b>	78,533

**12. BANK BORROWINGS**

During the period, the Group drew down a long term loan amounting to HK\$45 million. The loan bears interest at the prevailing market rate and is repayable by 20 equal quarterly instalments of HK\$2,250,000 each. The proceeds were used to finance capital expenditure and working capital requirement.



### 13. RELATED PARTY TRANSACTIONS

During the period, the Group had the following related party transaction:

Associate	Nature of transactions	Six months ended	
		30.9.2004 (Unaudited) <i>Note</i> <b>HK\$'000</b>	30.9.2003 (Unaudited) <i>HK\$'000</i>
Crown Capital Holdings Limited	Accountancy service income (a)	<b>180</b>	–

*Note:*

- (a) The accountancy service income represents an appropriate allocation of costs incurred by the Group.

### 14. CAPITAL COMMITMENTS

	30.9.2004 (Unaudited) <b>HK\$'000</b>	31.3.2004 (Audited) <i>HK\$'000</i>
Capital expenditure in respect of acquisition of plant and machinery contracted for but not provided in the financial statements	<b>9,564</b>	12,799

### 15. POST BALANCE SHEET EVENT

Details of the disposal of the Investment Properties subsequent to 30th September, 2004 have been set out in note 9.

# Deloitte.

## 德勤

### INDEPENDENT REVIEW REPORT

### TO THE BOARD OF DIRECTORS OF YEEBO (INTERNATIONAL HOLDINGS) LIMITED

*(incorporated in Bermuda with limited liability)*

#### Introduction

We have been instructed by the Company to review the interim financial report set out on pages 1 to 12.

#### Directors' responsibilities

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

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

#### Review work performed

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

#### Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th September, 2004.

#### Deloitte Touche Tohmatsu

*Certified Public Accountants*

Hong Kong

20th December, 2004



## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of operations and Prospect

The Group recorded a turnover of HK\$209 million for the six months period ended 30th September, 2004. For the current period, turnover included rental income of HK\$7 million from the investment properties. Excluding the investment property holding business, our turnover increased by HK\$59 million and our gross profit ratio increased from 12% to 17% as a result of the improvement in production yield and production efficiency.

The sales of LCD grew impressively in the period under review. This was largely contributed by the increase in high-value product, in particular those involving applications for audio and instrument product. The strengthening of the Group's sales force both locally and globally also played a very important role in uplifting the sales volume.

The investment properties provided us with a stable source of income of HK\$7 million for the period under review. On the other hand, a wholly-owned subsidiary of the Company (the "Vendor") entered into a provisional agreement with an independent purchaser to dispose of a property situated at Unit A on the Basement, Unit A on the Ground Floor (together with the external wall thereof) and the Staircase leading from Ground Floor to Unit A in the Basement of Wheelock House, No. 20 Pedder Street, Hong Kong (the "Property") for a consideration of HK\$390 million on 23rd November, 2004. ("the Disposal").

The Property was held by the Group for investment purpose with a view to generating a stable source of rental income at an acceptable rate of return. It is anticipated that the Group will need funds to further invest in the LCD and LCM business in due course. Moreover, since the Vendor has entered into a fixed rental lease agreement with the existing tenant, the unexpected favorable change of property market condition has now made the actual rate of return from the Property less attractive. Accordingly, the Directors have decided to dispose of the Property for the long term benefit of the Group.

The Property was acquired in November 2002 at a consideration of HK\$184 million. The total cost of the Property, including expenses incidental to its purchase, amounted to approximately HK\$191 million. The Property was carried in the audited financial statements of the Group as at 31st March 2004 at its revalued amount of HK\$254 million. Taking into account the net proceeds from the Disposal of approximately HK\$386 million, it is estimated that upon completion of the Disposal, the Group will record a gain of approximately HK\$132 million (subject to audit) based on the carrying value of the Property as shown in the latest audited financial statements of the Group. A further amount of approximately HK\$61 million will be released from the investment property revaluation reserve to the consolidated profit and loss account.

The proceeds from the Disposal, net of incidental expenses, amounted to approximately HK\$386 million. The Group intends to use the net proceeds from the Disposal to repay a mortgage loan of approximately HK\$104 million. As to the balance of approximately HK\$282 million, the Directors expected that funds will be needed for expansion of the existing LCD and LCM manufacturing facilities. The balance will be used for general working capital purpose and for other possible investment opportunities.

The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules. The Disposal is therefore subject to the approval by the Shareholders at the Special General Meeting (“SGM”). No Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Disposal at the SGM.

A circular containing, among other things, a letter from the Board in connection with the details of the Disposal and a notice of the SGM has been dispatched to the Shareholders in accordance with the relevant requirements of the Listing Rules on 17th December, 2004.

The Group reported a profit before taxation of HK\$13.9 million for the period. Included therein was a profit of HK\$1.8 million from the unrealized gain on investments in securities trading.

The Group is committed to becoming a global cost competitive LCD producer in coming years. It will continue to expand the market coverage and upgrade the existing production facilities.

### **Employment and remuneration policy**

The remuneration package for the Group’s employees is structured by reference to market terms and industry’s practice. Discretionary bonus and other performance reward are based on the financial performance of the Group and the performance of individual staff. Staff benefit plans maintained by the Group include mandatory and voluntary provident fund scheme and medical insurance.

### **Liquidity and financial resources**

The Group’s working capital as at 30th September, 2004 amounted to HK\$135 million.

As at 30th September, 2004, the Group had total assets of HK\$911 million which were financed by liabilities of HK\$328 million and shareholders’ equity of HK\$583 million.





The Group had banking facilities amounted to HK\$270 million of which HK\$231 million were utilized; representing letters of credit issued of HK\$19 million, trust receipt loans of HK\$6 million, mortgage loan (secured by certain investment properties of the Group) of HK\$106 million and unsecured loans of HK\$100 million.

The Group's current ratio as a ratio of current assets to current liabilities was 1.8 (31st March, 2004: 2.2). The gearing ratio, as a ratio of bank borrowings to networth, was 0.36 (31st March, 2004: 0.35). Both the current ratio and the gearing ratio will improve substantially upon completion of the disposal of the Property as mentioned above.

The Group did not have any material exposure to fluctuation in exchange rates.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 30th September, 2004, the interests and short positions of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained 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 Issuers (the "Model Code") were as follows:

### Long position in the shares of the Company

	Number of shares and nature of interests			Percentage of Company's Issued Capital
	Personal Interests	Through Controlled Corporations	Total	
Mr. Fang Hung, Kenneth ( <i>Note</i> )	20,130,000	697,692,368	717,822,368	68.79%
Mr. Li Kwok Wai, Frankie ( <i>Note</i> )	17,944,013	697,692,368	715,636,381	68.58%

*Note:* Antrix Investment Limited owns 697,692,368 shares of the Company. Mr Fang Hung, Kenneth and Mr Li Kwok Wai, Frankie beneficially owns 51% and 49%, respectively, of the issued share capital of Antrix Investment Limited.

Save as disclosed above, as at 30th September, 2004, none of the directors, the chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2004, the following interests and short position of 5% or more in the shares and underlying shares of the Company were recorded in register maintained by the Company pursuant to Section 336 of the SFO.

### Long position in the shares of the Company

	Capacity and nature of interest	Number of Shares held	% of the Company's issued share capital
Antrix Investment Limited ( <i>Note</i> )	Directly beneficially owned	697,692,368	68.79%
Esca Investment Limited ( <i>Note</i> )	Indirectly beneficially owned	697,692,368	68.79%
Megastar Venture Limited ( <i>Note</i> )	Indirectly beneficially owned	697,692,368	68.79%
Liu Chong Hing Bank Limited	Directly beneficially owned	57,600,000	5.52%

*Note:* Antrix Investment Limited is held as to 51% by Esca Investment Limited (a company wholly-owned by Mr Fang Hung, Kenneth) and 49% by Megastar Venture Limited (a company wholly-owned by Mr Li Kwok Wai, Frankie). The Shares held by Esca Investment Limited and Megastar Venture Limited represent the same interest held by Antrix Investment Limited, which have also been disclosed as an interest of Mr Fang Hung, Kenneth and Mr Li Kwok Wai, Frankie under the section "Interests of Directors and Chief Executive in Securities".

Save as disclosed above, as at 30th September, 2004, the Company was not notified by any persons who had interests or short positions of 5% or more in the shares and underlying shares of the Company which is required to be recorded under Section 336 of the SFO.



## CORPORATE GOVERNANCE

### Compliance with Code of Best Practice

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company has not complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) of the Stock Exchange except that the non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company’s Bye Laws.

### Securities Transactions by Directors

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Model Code and Company’s code of conduct regarding directors’ securities transactions during the period.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of securities of the Company or by any of its subsidiaries during the six months ended 30th September, 2004.

## AUDIT COMMITTEE

The Audit Committee comprises all of the three independent non-executive directors, namely Hon. Tien Pei Chun, James, GBS, JP, Mr Chu Chi Wai, Allan and Mr Lau Yuen Sun, Adrian. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 30th September, 2004.

By order of the Board  
**Lau Siu Ki, Kevin**  
*Company Secretary*

Hong Kong, 20th December, 2004