

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chan Chung Yee, Hubert (*Chairman*)
 Chan Chung Yin, Roy
 Chan Man Min
 Yeh Yui Fong
 Tsui Hon Wing
 Kwok Cheuk Tim, Rockie
 Chan Ming Him, Denny
 Wu Kwok Lam AHKSA, FCCA
 Chu Chor Lup*
 Chiu Ngar Wing* FCCA, AHKSA, CPA

* *Independent non-executive director*

COMPANY SECRETARY

Wu Kwok Lam A.H.K.S.A., F.C.C.A

REGISTERED OFFICE

Century Yard, Cricket Square
 Hutchins Drive
 P.O. Box 2681 GT
 George Town
 Grand Cayman, Cayman Islands
 British West Indies

PRINCIPAL OFFICE

2nd Floor
 Nos. 55 and 57 Hennessy Road
 Wanchai
 Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
 36C Bermuda House
 3rd Floor, P.O. Box 513 GT
 Dr. Ray's Drive
 George Town, Grand Cayman
 Cayman Islands
 British West Indies

AUDITORS

Deloitte Touche Tohmatsu
 Certified Public Accountants

HONG KONG BRANCH REGISTRAR

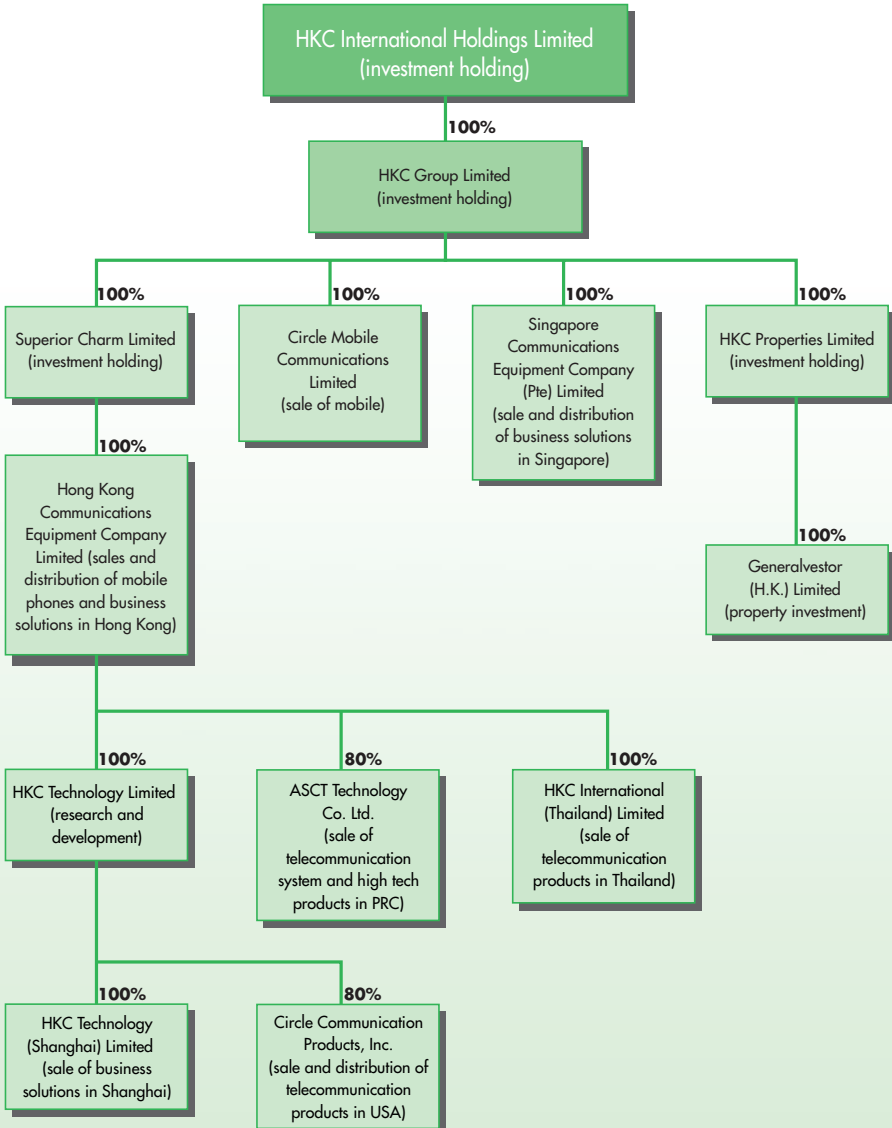
Pilare Limited
 10th Floor, Sun Hung Kai Centre
 30 Harbour Road
 Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai
 Banking Corporation Limited
 1 Queen's Road Central
 Hong Kong

Wing Hang Bank, Limited
 161 Queen's Road Central
 Hong Kong

GROUP STRUCTURE



INTERIM REPORT

The Directors of HKC International Holdings Limited are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2003 as follows. The interim report has been reviewed by the audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	NOTES	Six months ended	
		30.9.2003 HK\$'000 (unaudited)	30.9.2002 HK\$'000 (unaudited)
Turnover	3	442,873	393,192
Cost of sales		<u>(402,216)</u>	<u>(349,537)</u>
Gross profit		40,657	43,655
Other operating income	4	164	86
Selling and distribution costs		(3,021)	(3,801)
Administrative expenses		<u>(32,773)</u>	<u>(31,674)</u>
Profit from operations	5	5,027	8,266
Finance costs	6	(452)	(18)
Goodwill on acquisitions of subsidiaries		<u>(300)</u>	<u>-</u>
Profit before taxation		4,275	8,248
Taxation	7	<u>(953)</u>	<u>(1,482)</u>
Profit before minority interests		3,322	6,766
Minority interests		<u>155</u>	<u>-</u>
Profit for the period		<u>3,477</u>	<u>6,766</u>
Dividend	8	<u>Nil</u>	<u>Nil</u>
Earnings per share – basic (HK cents)	9	<u>0.80 cents</u>	<u>1.56 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2003

	NOTES	30.9.2003 HK\$'000 (unaudited)	31.3.2003 HK\$'000 (audited)
Non-current assets			
Investment properties	10	83,338	85,338
Property and equipment		52,480	50,470
Goodwill	11	5,698	—
Investment in securities		2,000	2,000
Club debentures		335	335
		<u>143,851</u>	<u>138,143</u>
Current assets			
Inventories		64,164	65,645
Debtors, deposits and prepayments	12	40,920	34,534
Amounts due from related companies		1,756	6,191
Investment in securities		7,741	7,741
Taxation recoverable		1,989	2,696
Bank balances and cash		27,770	22,030
		<u>144,340</u>	<u>138,837</u>
Current liabilities			
Creditors and accrued charges	13	57,821	44,309
Taxation payable		409	572
Obligations under hire purchase contracts		22	44
Bank borrowings – secured		1,576	3,098
		<u>59,828</u>	<u>48,023</u>
Net current assets		<u>84,512</u>	<u>90,814</u>
Total assets less current liabilities		<u>228,363</u>	<u>228,957</u>
Non-current liabilities			
Obligations under hire purchase contracts		49	49
Bank borrowings – secured		30,308	30,308
		<u>30,357</u>	<u>30,357</u>
Minority interests		<u>223</u>	<u>378</u>
		<u>197,783</u>	<u>198,222</u>
Capital and reserves			
Share capital		4,496	4,348
Reserves		193,287	193,874
		<u>197,783</u>	<u>198,222</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	Share capital HK\$'000	Share premium HK\$'000	Leasehold property revaluation reserve HK\$'000	Investment property revaluation reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1.4.2002	4,330	26,900	27,856	13,306	28,325	(67)	98,407	199,057
Shares issued pursuant to scrip dividend scheme	18	340	-	-	-	-	-	358
Exchange difference on translation of overseas operation	-	-	-	-	-	1	-	1
Profit for the period	-	-	-	-	-	-	6,766	6,766
Dividend paid	-	-	-	-	-	-	(8,660)	(8,660)
At 30.9.2002	<u>4,348</u>	<u>27,240</u>	<u>27,856</u>	<u>13,306</u>	<u>28,325</u>	<u>(66)</u>	<u>96,513</u>	<u>197,522</u>
At 1.4.2003	4,348	27,239	28,163	9,465	28,325	(36)	100,718	198,222
Shares issued pursuant to scrip dividend scheme	148	2,296	-	-	-	-	-	2,444
Revaluation decrease	-	-	-	(2,000)	-	-	-	(2,000)
Exchange difference on translation of overseas operation	-	-	-	-	-	(12)	-	(12)
Profit for the period	-	-	-	-	-	-	3,477	3,477
Dividend paid	-	-	-	-	-	-	(4,348)	(4,348)
At 30.9.2003	<u>4,496</u>	<u>29,535</u>	<u>28,163</u>	<u>7,465</u>	<u>28,325</u>	<u>(48)</u>	<u>99,847</u>	<u>197,783</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	Six months ended	
	30.9.2003 HK\$'000 (unaudited)	30.9.2002 HK\$'000 (unaudited)
Net cash from operating activities	13,950	12,708
Net cash used in investing activities	(2,010)	(2,082)
Net cash used in financing activities	<u>(6,194)</u>	<u>(8,984)</u>
Net increase in cash and cash equivalents	5,746	1,642
Cash and cash equivalents at beginning of the period	22,030	51,504
Effect of foreign exchange rate changes	<u>(6)</u>	<u>1</u>
Cash and cash equivalents at end of the period	<u><u>27,770</u></u>	<u><u>53,147</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

1. BASIS OF PREPARATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated financial statements are the same as those adopted in the annual report for the year ended 31 March 2003, except that the Group has adopted SSAP 12 (Revised) "Income Taxes" issued by the HKSA which has been effective for accounting periods commencing on or after 1 January 2003.

In the current interim period, the Group has adopted SSAP 12 (Revised) Income Taxes. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of SSAP 12 (Revised) has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. SEGMENT INFORMATION

The turnover and contributions to profit from operations of the Group for the period, analysed by business segments are as follows:

For the six months ended 30 September 2003

	Sale of mobile phones HK\$'000	Sale of business solutions HK\$'000	Connection services HK\$'000	Property investments HK\$'000	Installation, repair and maintenance services HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External sales	405,833	21,536	875	1,981	12,648	-	442,873
Inter-segment sales	-	-	-	1,050	-	(1,050)	-
	<u>405,833</u>	<u>21,536</u>	<u>875</u>	<u>3,031</u>	<u>12,648</u>	<u>(1,050)</u>	<u>442,873</u>
Segments results	<u>2,561</u>	<u>(555)</u>	<u>286</u>	<u>1,652</u>	<u>919</u>		4,863
Other operating income							164
Profit from operations							<u>5,027</u>

For the six months ended 30 September 2002

	Sale of mobile phones HK\$'000	Sale of business solutions HK\$'000	Connection services HK\$'000	Property investments HK\$'000	Installation, repair and maintenance services HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External sales	357,469	17,404	708	1,127	16,484	-	393,192
Inter-segment sales	-	-	-	870	-	(870)	-
	<u>357,469</u>	<u>17,404</u>	<u>708</u>	<u>1,997</u>	<u>16,484</u>	<u>(870)</u>	<u>393,192</u>
Segment results	<u>3,206</u>	<u>882</u>	<u>(262)</u>	<u>626</u>	<u>3,728</u>		8,180
Other operating income							86
Profit from operations							<u>8,266</u>

Inter-segment sales are charged at prevailing market rates.

4. OTHER OPERATING INCOME

	Six months ended	
	30.9.2003 HK\$'000	30.9.2002 HK\$'000
Interest income from banks	140	55
Sundry income	24	31
	<u>164</u>	<u>86</u>

5. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	Six months ended	
	30.9.2003 HK\$'000	30.9.2002 HK\$'000
Depreciation and amortisation owned assets	1,638	1,478
assets under hire purchase contracts	<u>7</u>	<u>13</u>

6. FINANCE COSTS

	Six months ended	
	30.9.2003 HK\$'000	30.9.2002 HK\$'000
Interest on obligations under hire purchase contracts	17	4
Interest on bank borrowings wholly repayable within five years	7	14
Interest on bank borrowings wholly repayable after five years	<u>428</u>	<u>—</u>
	<u>452</u>	<u>18</u>

7. TAXATION

	Six months ended	
	30.9.2003 HK\$'000	30.9.2002 HK\$'000
The charge comprises:		
Hong Kong Profits Tax	953	1,384
Singapore Income Tax	—	98
	<u>953</u>	<u>1,482</u>

Hong Kong Profits Tax is calculated at 17.5% (1.4.2002 – 30.9.2002: 16%) of the estimated assessable profit for the period.

Taxation arising in Singapore is calculated at the rates prevailing in the country.

The Group did not have any significant unprovided deferred taxation for the period.

8. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2003 (2002: nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the period of HK\$3.5 million (1.4.2002 – 30.9.2002: HK\$6.8 million) and on the weighted average of 436,013,947 ordinary shares (1.4.2002 – 30.9.2002: 433,219,436 shares) in issue during the period.

During the period ended 30 September 2003 and 2002, the exercise price of the Company's options was higher than the average market price of share thus there were no dilutive potential ordinary shares and no diluted earnings per share has been calculated.

10. INVESTMENT PROPERTIES

The directors have considered the open market value of the investment properties as at 30 September 2003 and the resulting revaluation decrease amounting to HK\$2 million has been debited to the investment property revaluation reserve.

11. GOODWILL

	30.9.2003 HK\$'000
Arising on acquisition of subsidiaries	5,998
Less: Amortisation	<u>300</u>
	<u>5,698</u>

The acquired subsidiaries did not make any significant contribution to the results of the Group during the period under review.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group has a policy of allowing average credit period ranging from 2 weeks to one month to its trade customers.

In addition, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted.

The following is an aged analysis of trade debtors:

	30.9.2003 HK\$'000	31.3.2003 HK\$'000
Within 30 days	18,688	17,527
Between 31 to 60 days	5,118	2,808
Between 61 to 90 days	3,943	2,866
Between 91 to 120 days	998	140
Over 120 days	<u>5,611</u>	<u>6,103</u>
Trade debtors	34,358	29,444
Other debtors, deposits and prepayments	<u>6,562</u>	<u>5,090</u>
	<u>40,920</u>	<u>34,534</u>

13. CREDITORS AND ACCRUED CHARGES

The following is an aged analysis of trade creditors:

	30.9.2003 HK\$'000	31.3.2003 HK\$'000
Within 30 days	49,828	37,057
Between 31 to 60 days	941	24
Between 61 to 90 days	1,399	-
Between 91 to 120 days	3	-
	<hr/>	<hr/>
Trade creditors	52,171	37,081
Other creditors and accrued charges	5,650	7,228
	<hr/>	<hr/>
	57,821	44,309

14. RELATED PARTY TRANSACTIONS

During the period, the Group had the following transactions, which were conducted in the ordinary course of the Group's business, with its related companies:

Name	Notes	Nature of transactions	Six months ended	
			30.9.2003 HK\$'000	30.9.2002 HK\$'000
BIA Technology Ltd	(i)	Sales to	9	-
(formerly known as Hong Kong	(i)	Purchase from	847	-
Communications Industrial	(ii)	Rental income received	38	-
Company Limited)				
Hong Kong Communications	(i)	Computer software maintenance		
Computer Company Limited		fee paid and purchase from	230	521
	(ii)	Rental income received	125	124
HKC Intown Limited	(ii)	Rental income received	-	13
	(i)	Internet access fee paid	42	35
Webradio Limited	(ii)	Rental income received	-	54

Notes:

- (i) Sales, purchases and other expenses paid are based on cost plus a percentage of profit mark-up.
- (ii) Rentals income was charged based on the area used, which management considered to be appropriate basis of allocation.

15. CONTINGENT LIABILITIES

The Company has provided corporate guarantees of HK\$31 million to secure the banking facilities granted to subsidiary companies.

16. PLEDGES OF ASSETS

At 30 September 2003, certain leasehold land and buildings and investment properties with aggregate carrying values of HK\$4,220,000 (31.3.2003: HK\$4,220,000) and HK\$54,400,000 (31.3.2003: HK\$54,400,000) respectively were pledged to banks to secure banking facilities granted to the Group.

17. SUBSEQUENT EVENT

On 13 October 2003, an investment property at cost of HK\$9.7 million has been sold at a consideration of HK\$7.7 million, resulting in a loss of approximately HK\$2 million.

BUSINESS REVIEW

For the six months ended 30 September 2003, the Group's net profit was HK\$3.5 million (1.4.2002 – 30.9.2002: HK\$6.8 million) and the basic earnings per share was HK0.80 cents (1.4.2002 – 30.9.2002: HK1.56 cents).

Sale of mobile phones

Due to the outbreak of SARS in April and May 2003, we were forced to lower the profit margin in order to enhance the sales and reduce the stock level. As a result, the profit for this segment has been reduced to HK\$2.6 million (1.4.2002 – 30.9.2002: HK\$3.2 million) even though the turnover has subsequently increased by 13.5%.

Sale of business solutions

This relates to the sales of office telephone systems, security systems and provision of integrated services. Due to the keen competition and initial setting up costs of security systems sales team, this segment recorded a loss of HK\$0.6 million (1.4.2002 – 30.9.2002: profit HK\$0.9 million) during the period under review.

Connection services

This relates to the referral of customers to network operators for subscription of their network services. The Group will receive commission for such referrals. This segment recorded a profit of HK\$0.3 million (1.4.2002 – 30.9.2002: loss of HK\$0.3 million) reflecting our efforts on the cost cutting.

Property investment

Due to the purchase of a property in December 2002, the profit from this segment has increased to HK\$1.7 million (1.4.2002 – 30.9.2002: HK\$0.6 million).

Installation, repair and maintenance services

The outbreak of SARS led to the low demand of these services. The turnover has reduced by approximately HK\$4 million and profit has decreased by approximately 75% to HK\$0.9 million (1.4.2002 – 30.9.2002: HK\$3.7 million).

PROSPECTS

The relaxed travel policy for mainland travelers and the announcement of the CEPA will help to stimulate both consumer and corporate spending in the second half of the year. The Group will strengthen the operations in Mainland China and build its own brand of telecommunication products under the brand name of "Circle" for sales in USA, Hong Kong and other areas. A new product, 5.8G wireless PABX, is expected to be delivered in December 2003.

Finally, we would like to extend our sincere gratitude to all the staff members of the Group for their contribution and continued support during the period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to maintain a strong financial position. As at 30 September 2003, the cash and bank balances amounted to approximately HK\$27.8 million (31.3.2003: HK\$22.0 million) while the bank borrowings were HK\$31.8 million (31.3.2003: HK\$33.4 million). The gearing ratio was 15.9% (31.3.2003: 16.6%). The gearing ratio is expressed as a percentage of total borrowings to shareholders' funds.

As substantial portion of transactions are dominated in Hong Kong Dollar, the Group's exposure to exchange fluctuation is low.

USE OF PROCEEDS OF NEW ISSUE

Up to 30 September 2003, the use of the listing proceeds are analysed as follows:

	Forecast HK\$'000	Actual HK\$'000
Repackaging and expanding the existing stores	5,000	5,000
Setting up sales and distribution network in United Kingdom and the United States	4,000	500
Expanding the distribution channel in PRC	4,000	-
Establishing a joint venture in Shanghai, the PRC for provision of systems integration services	2,000	2,000
Research and development	8,000	8,000
General working capital	7,500	7,500
	<u>30,500</u>	<u>23,000</u>

The unused balance of approximately HK\$7.5 million has been placed into short-term bank deposits.

EMPLOYEES

As at 30 September 2003, the total number of employees of the Group was approximately 300 (30.9.2002: 230, 31.3.2003: 300) and the remuneration of employees (excluding directors' emoluments) amounted to approximately HK\$20 million for the period (1.4.2002 – 30.9.2002: HK\$18 million). The remuneration and bonus packages are based on the individual merits and performance and are reviewed at least annually. The Group maintains a good relationship with its employees.

DIRECTORS' INTERESTS IN SECURITIES

At 30 September 2003, the interests of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Future Ordinance ("SFO") were as follows:

Name of directors	Number of ordinary shares held		
	Personal interest	Family interest	Corporate interest
Chan Chung Yee Hubert	–	226,176,575 (a)	–
Chan Chung Yin Roy	–	68,417,400 (b)	–
Chan Man Min	–	–	24,709,650 (c)
Yeh Yui Fong	–	–	2,681,550 (d)
Tsui Hon Wing	1,939,200	–	–

Notes:

- (a) 217,691,727 shares were held by Matrix World Group Limited, a company wholly-owned by Newcourt Trustees Limited as the trustee of the Mr. Chan Chung Yee Hubert's family trust. 8,484,848 shares were held by Light Emotion Limited, a company wholly-owned by Matrix World Group Limited.
- (b) 68,417,400 shares were held by Star Global International Limited, a company wholly-owned by Newcourt Trustees Limited as the trustee of the Mr. Chan Chung Yin Roy's family trust.
- (c) 24,709,650 shares were held by Ocean Hope Group Limited which was wholly owned by Mr. Chan Man Min.
- (d) 2,681,550 shares were held by CIT Company Limited of which Mr. Yeh Yui Fong and his wife each owned 50% of the issued share capital.

As at 30 September 2003, none of the directors or chief executive of the Company were interested in or deemed to be interested in short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

SHARE OPTIONS

At 30 September 2003, the number of shares in respect of which options had been granted under the scheme was 17,100,000, representing approximately 4% of shares of the Company in issue at that date.

The details of the share options outstanding as at 30 September 2003 are as follows:

	Exercisable period	Exercise price per share HK\$	Outstanding at 1 April 2003	Lapsed during the period	Outstanding at 30 September 2003
1. Directors					
Chan Chung Yee Hubert	21.2.2003 – 20.2.2005	0.17	4,300,000	–	4,300,000
Chan Chung Yin Roy	21.2.2003 – 20.2.2005	0.17	2,000,000	–	2,000,000
Chan Man Min	21.2.2003 – 20.2.2005	0.17	1,000,000	–	1,000,000
Yeh Yui Fong	21.2.2003 – 20.2.2005	0.17	1,000,000	–	1,000,000
Tsui Hon Wing	21.2.2003 – 20.2.2005	0.17	1,000,000	–	1,000,000
Kwok Cheuk Tim Rockie	21.2.2003 – 20.2.2005	0.17	2,000,000	–	2,000,000
Chan Ming Him Denny	21.2.2003 – 20.2.2005	0.17	1,000,000	–	1,000,000
Wu Kwok Lam	21.2.2003 – 20.2.2005	0.17	1,000,000	–	1,000,000
			13,300,000		13,300,000
2. Employees	23.5.2002 – 23.11.2003	0.38	3,800,000	–	3,800,000
3. Customers	23.5.2002 – 30.6.2003	0.38	6,500,000	(6,500,000)	–
			23,600,000	(6,500,000)	17,100,000

No share options have been granted during the period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the period was the Company or its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate and none of the directors, their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

A share scheme was adopted by the Company on 23 October 2001, under which the directors of the Company may be granted options to subscribe for shares in the Company. No option was granted to any of the directors of the Company or its subsidiaries during the period.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short position, being 5% or more of the company's issued share capital:

<u>Name</u>	<u>Number of shares held</u>	<u>Percentage of holding</u>
Matrix World Group Limited	217,691,727	48.41%
Light Emotion Limited (note 1)	8,484,848	1.89%
Star Global International Limited	68,417,400	15.22%
Newcourt Trustees Limited (note 2)	294,593,975	65.52%
Ocean Hope Group Limited	24,709,650	5.50%

Notes:

1. Matrix World Group Limited owns 100% of Light Emotion Limited.
2. Newcourt Trustees Limited owns 100% of Matrix World Group Limited and Star Global International Limited and is accordingly deemed by the SDI Ordinance to be interested in the shares of the Company beneficially owned by Matrix World Group Limited, Star Global International Limited and Light Emotion Limited.

The shareholdings are duplicated in the directors' interests in shares disclosed above.

Save as disclosed above, the Company has not been notified of any other relevant interests representing 5% or more of the Company's issued share capital as at 30 September 2003.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September, 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting policies adopted by the Group and discussed auditing, internal control, and financial reporting matters, including the review of interim financial statements which have not been audited.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On behalf of the Board
Chan Chung Yee Hubert
Chairman

Hong Kong, 15 December 2003