



TERN PROPERTIES COMPANY LIMITED

INTERIM REPORT 2003/2004

The Board of Directors of Tern Properties Company Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2003, together with the comparative figures for the corresponding period in the previous year are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2003

		Six months ended	
		30 September	
	Notes	2003	2002
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Turnover		69,275	25,577
Property expenses		(995)	(778)
Cost of other investments disposed of		(54,137)	(10,123)
		<hr/>	<hr/>
Gross profit		14,143	14,676
Unrealised holding (loss) gain on other investments		(50)	2,813
Interest income		2,015	3,170
Other operating income		451	350
Administrative expenses		(5,316)	(5,778)
Loss on disposal of investment properties		(5,995)	(659)
		<hr/>	<hr/>
Profit from operations	4	5,248	14,572
Finance costs		(1,687)	(2,460)
Share of results of associates		3,705	4,276
		<hr/>	<hr/>
Profit before taxation		7,266	16,388
Taxation	5	(1,854)	(1,366)
		<hr/>	<hr/>
Profit for the period		<u>5,412</u>	<u>15,022</u>
		<hr/>	<hr/>
Dividends	6	<u>3,694</u>	<u>3,694</u>
		<hr/>	<hr/>
Earnings per share	7	<u>HK1.76 cents</u>	<u>HK4.88 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2003

	Notes	30 September 2003 HK\$'000 (Unaudited)	31 March 2003 HK\$'000 (Audited) (Restated)
Non-current assets			
Investment properties	8	594,541	598,342
Property, plant and equipment		17,339	17,194
Interests in associates		155,898	156,699
Deferred tax assets		128	128
Club debentures		2,160	2,160
		<u>770,066</u>	<u>774,523</u>
Current assets			
Trade and other receivables	9	2,094	3,133
Other investments		33,057	71,544
Bank deposits		16,000	18,000
Bank balances and cash		759	982
		<u>51,910</u>	<u>93,659</u>
Current liabilities			
Trade and other payables	10	9,419	9,744
Rental deposits from tenants		7,252	7,502
Tax liabilities		1,712	1,162
Bank loans – due within one year		61,416	51,643
Bank overdrafts – secured		15,551	16,012
		<u>95,350</u>	<u>86,063</u>
Net current (liabilities) assets		<u>(43,440)</u>	<u>7,596</u>
Total assets less current liabilities		<u>726,626</u>	<u>782,119</u>
Capital and reserves			
Share capital	11	153,906	153,906
Reserves		551,929	546,204
		<u>705,835</u>	<u>700,110</u>
Non-current liabilities			
Deferred tax liabilities		3,120	2,721
Bank loans – due after one year		17,671	79,288
		<u>726,626</u>	<u>782,119</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2003

(Unaudited)

(Restated)

	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Investment property revaluation reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Dividend reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2002							
– as previously reported	153,906	72,818	213,555	2,662	4,617	260,691	708,249
– adjustment on adoption of SSAP 12 (revised)	–	–	–	–	–	(4,669)	(4,669)
– as restated	153,906	72,818	213,555	2,662	4,617	256,022	703,580
Realised on disposal of investment properties	–	–	671	–	–	–	671
Profit for the period	–	–	–	–	–	15,022	15,022
Dividends declared	–	–	–	–	3,694	(3,694)	–
Dividends paid	–	–	–	–	(4,617)	–	(4,617)
At 30 September 2002	<u>153,906</u>	<u>72,818</u>	<u>214,226</u>	<u>2,662</u>	<u>3,694</u>	<u>267,350</u>	<u>714,656</u>
At 1 April 2003							
– as previously reported	153,906	72,818	189,356	2,662	4,925	281,782	705,449
– adjustment on adoption of SSAP 12 (revised)	–	–	–	–	–	(5,339)	(5,339)
– as restated	153,906	72,818	189,356	2,662	4,925	276,443	700,110
Realised on disposal of investment properties	–	–	5,238	–	–	–	5,238
Profit for the period	–	–	–	–	–	5,412	5,412
Dividends declared	–	–	–	–	3,694	(3,694)	–
Dividends paid	–	–	–	–	(4,925)	–	(4,925)
At 30 September 2003	<u>153,906</u>	<u>72,818</u>	<u>194,594</u>	<u>2,662</u>	<u>3,694</u>	<u>278,161</u>	<u>705,835</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2003

	Six months ended 30 September	
	2003 <i>HK\$'000</i> (Unaudited)	2002 <i>HK\$'000</i> (Unaudited)
Net cash from operating activities	8,072	9,750
Net cash from investing activities	48,622	12,450
Net cash used in financing activities	<u>(58,456)</u>	<u>(23,938)</u>
Net decrease in cash and cash equivalents	(1,762)	(1,738)
Cash and cash equivalents at beginning of the period	<u>2,970</u>	<u>3,291</u>
Cash and cash equivalents at end of the period	<u><u>1,208</u></u>	<u><u>1,553</u></u>
Being		
Bank deposits	16,000	15,000
Bank balances and cash	759	1,543
Bank overdrafts	<u>(15,551)</u>	<u>(14,990)</u>
	<u><u>1,208</u></u>	<u><u>1,553</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 and with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society 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 securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2003, except for the adoption of the following SSAP 12 (Revised), which are effective for the first time in the preparation of the unaudited condensed consolidated financial statements for the period.

Income Taxes

In the current 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 amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, with limited exceptions.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets, including those arising from unused tax losses and unused tax credits are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill not deductible for tax purposes or from the initial recognition of other assets and liabilities that affect neither accounting nor taxable profit.

In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly. Opening accumulated profits at 1 April 2002 have been reduced by HK\$4,669,000, which is the cumulative effect of the change in policy on the results for periods prior to 2002. The balance on the Group's interests in associates at 1 April 2002 has been reduced by HK\$2,330,000, representing the Group's share of deferred tax liability recognised in respect of the revaluation surplus on the properties of the associates at that date.

As a result of the adoption of this accounting policy, the profit for the six months ended 30 September 2003 has decreased by HK\$884,000 (2002: decreased by HK\$335,000). At 30 September 2003, total assets have decreased by HK\$3,102,000 (31 March 2003: decreased by HK\$2,618,000) and total liabilities have increased by HK\$3,120,000 (31 March 2003: increased by HK\$2,721,000). The new accounting policy has been adopted retrospectively, with the opening balances of accumulated profits and reserves and comparative amounts adjusted for the prior periods as disclosed in the consolidated statement of changes in equity.

3. SEGMENT INFORMATION

Business segment

For management purposes, the Group is currently organised into two operating divisions – property leasing and securities investment. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Six months ended 30 September 2003

	Property leasing <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover	<u>13,924</u>	<u>55,351</u>	<u>69,275</u>
Segment result	<u>2,086</u>	<u>3,162</u>	5,248
Profit from operations			5,248
Finance costs			(1,687)
Share of results of associates	3,705	–	<u>3,705</u>
Profit before taxation			7,266
Taxation			<u>(1,854)</u>
Profit for the period			<u>5,412</u>

Six months ended 30 September 2002

	Property leasing <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover	<u>15,636</u>	<u>9,941</u>	<u>25,577</u>
Segment result	<u>8,557</u>	<u>6,015</u>	14,572
Profit from operations			14,572
Finance costs			(2,460)
Share of results of associates	4,276	–	<u>4,276</u>
Profit before taxation			16,388
Taxation			<u>(1,366)</u>
Profit for the period			<u>15,022</u>

4. PROFIT FROM OPERATIONS

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

	Six months ended 30 September	
	2003 HK\$'000	2002 HK\$'000
Auditors' remuneration	125	170
Depreciation	377	391
Staff costs (including Directors' remuneration)	3,123	3,487
Mandatory provident fund contributions	37	42
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Total staff costs	3,160	3,529
(Gain) loss on disposal of other investments	(1,215)	182
Gross rental income from investment properties	13,924	15,636
Less: Outgoings	995	778
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Net rental income	<u>12,929</u>	<u>14,858</u>

5. TAXATION

	Six months ended 30 September	
	2003 HK\$'000	2002 HK\$'000 (Restated)
The charge comprises:		
Hong Kong Profits Tax	550	555
Deferred tax		
Current year	144	127
Attributable to increase in tax rate	255	—
	<hr/>	<hr/>
Taxation attributable to the Company and its subsidiaries	399	127
Share of taxation attributable to associates	905	684
	<hr/>	<hr/>
	<u>1,854</u>	<u>1,366</u>

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profit for the period.

In March 2003, the Hong Kong government proposed that the rate for Hong Kong Profits Tax would be increased to 17.5% with effect from the year of assessment 2003/2004, which was passed by the Legislative Council on 25 June 2003. This increase is taken into account in the preparation of the Group's 2004 interim financial report.

6. DIVIDENDS

On 18 August 2003, a dividend of HK1.6 cents (2002: HK1.5 cents) per share was paid to shareholders as the final dividend for 2003.

The Board of Directors has declared an interim dividend of HK1.2 cents (2002: HK1.2 cents) per share amounting to HK\$3,694,000 payable on 12 January 2004 to the shareholders whose names appear on the Register of Members on 2 January 2004.

7. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit for the period of HK\$5,412,000 (2002: HK\$15,022,000) and on the number of 307,812,522 (2002: 307,812,522) ordinary shares in issue during the period.

No diluted earnings per share has been presented as there were no dilutive potential shares in issue in either period.

8. INVESTMENT PROPERTIES

During the period, the Group disposed of investment properties with carrying amounts of HK\$10,014,000 for proceeds of HK\$4,019,000, resulting in a loss on disposal of HK\$5,995,000.

At 30 September 2003, the directors have considered that the carrying amounts of the Group's investment properties do not differ significantly from those which have been determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables is rental receivable of HK\$408,000 (31 March 2003: HK\$331,000) with defined credit policy. The rental income is billed in advance and settlement is expected upon receipt of billing.

All the rental receivable at the balance sheet date had an aging of less than 90 days.

10. TRADE AND OTHER PAYABLES

Included in trade and other payables is rental receipt in advance of HK\$473,000 (31 March 2003: HK\$475,000).

All the rental receipt in advance at the balance sheet date had an aging of less than 90 days.

11. SHARE CAPITAL

	Number of ordinary shares of HK\$0.5 each	Normal value HK\$'000
Authorised:		
At 1 April 2002, 31 March 2003 and 30 September 2003	<u>400,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 April 2002, 31 March 2003 and 30 September 2003	<u>307,812,522</u>	<u>153,906</u>

There were no movements in the share capital of the Company for the six months ended 30 September 2003.

12. CONTINGENCIES AND COMMITMENTS

At the balance sheet date, the Group had no significant contingent liabilities or capital commitments.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK1.2 cents (2002: HK1.2 cents) per share payable on 12 January 2004 to the shareholders whose names appear on the Register of Members on 2 January 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 2 January 2004 to Tuesday, 6 January 2004, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 31 December 2003.

BUSINESS REVIEW AND PROSPECT

The Group's gross rental income including its share from an associate for the period amounted to HK\$18.5 million, representing a decrease of 10.0% over that of the same period of previous year. The Group's profit for the period amounted to HK\$5.4 million, representing a decrease of 64.0% over that of the same period of previous year. An interim dividend of HK1.2 cents per share was declared, the same as that of the same period of previous year.

During the period, the Group continued its business of holding quality commercial properties for rental income purpose. The outbreak of Severe Acute Respiratory Syndrome ("SARS") in March this year resulted in the decrease of the Group's rental income. However, the Group's rental portfolio achieved an average occupancy rate of 96% during the period.

During the period, the Group received interest income amounted to HK\$2.0 million from the investments in bond securities. These investments focused on quality corporate debt securities with high yield and comparatively low risk. Bond yields have reached the bottom since June this year. The Group has reduced the holding of its bond portfolio since then.

The global economy has been showing signs of recovery in the recent months. However, regional political and military conflicts are still looming. The mounting huge fiscal deficit in the U.S. and the recent weakening of its currency also contribute uncertainties to the global economy. The relaxation of travel restraints for Mainland tourists and the impending implementation of Closer Economic Partnership Arrangement between Mainland and Hong Kong provide substantial stimuli to the local economy in the recent months. Amid the economic recovery, the unemployment rate is also showing signs of easing albeit at a high level. It is expected that interest rate will remain at a low level in next year. The local economy will continue to turn better thereby providing impetus to the consumer sentiment.

In the local property market, the government has been revising its housing policies to provide support to the residential market. The revision results in better user and investor sentiments toward the market. In the commercial property market, the rental value of shops has rebounded back to pre-SARS level. It is expected that the rental value of shops in prime locations will continue to strengthen due to the influx of tourists into Hong Kong. The demand for office space will also increase in view of the improving economy. Therefore the Group's rental income will stabilise in the second half of the year. It is expected that the Group's rental income will increase next year upon the renewal of leases for major shop premises.

FINANCIAL OPERATION REVIEW

Operation

The Group's gross rental income for the six months ended 30 September 2003 amounted to HK\$13.9 million (2002: HK\$15.6 million), representing a decrease of 11.0% over that of the same period of previous year. The decrease was due to the downward adjustment of rental for some leases during the period of SARS outbreak in the first half of this year. The Group's share of gross rental income from an associate amounted to HK\$4.6 million (2002: HK\$4.9 million), representing a decrease of 7.1% over that of the same period of previous year.

The average occupancy rate of the Group's rental portfolio was 96% during the period. All the properties remained fully leased except a few office units.

Results

The Group's profit for the six months ended 30 September 2003 amounted to HK\$5.4 million (2002: HK\$15.0 million), representing a decrease of 64.0% over that of the same period of previous year. The decrease was due to lower rental income and interest income, the loss on disposal of an office property in Shanghai and the inclusion of unrealised holding gain from investments in bond securities in the last corresponding period partially offset by lower interest expense during the period. The Group's share of results of associates after taxation amounted to HK\$2.8 million (2002: HK\$3.6 million), representing a decrease of 22.0% over that of the same period of previous year.

Earnings per share for the six months ended 30 September 2003 were HK1.76 cents (2002: HK4.88 cents), representing a decrease of HK3.12 cents over that of the same period of previous year. The declared interim dividend was HK1.2 cents per share, the same as that of the same period of previous year.

Bank Borrowings and Finance Costs

The majority of the Group's investment properties are situated in Hong Kong. Therefore most of the bank borrowings are denominated in Hong Kong currency. Nevertheless, the Group also hedges its investments in overseas properties against exchange rate risk by bank loan financing in foreign currency.

At 30 September 2003, the total amount of outstanding bank borrowings net of cash and bank deposits were HK\$77.9 million (31 March 2003: HK\$128.0 million), a decrease of HK\$50.1 million over that of the previous year-end. The Group used the proceeds from the sale of bond securities and an investment property to repay part of the bank borrowings during the period. The ratio of net bank borrowings to shareholders' funds decreased to a low level at 11.0% (31 March 2002: 18.1%). Over 93% of the Group's net bank borrowings were denominated in Hong Kong currency.

The Group's bank borrowings are secured by its land and buildings and investment properties. During the period, the Group refinanced part of the long term bank borrowings by revolving loans to take advantage of the current low short term interest rate. Of the total bank borrowings at 30 September 2003, 81.3% are repayable within one year, 7.4% are repayable after one year but within five years and 11.3% are repayable after five years.

The Group's finance costs for the six months ended 30 September 2003 were HK\$1.7 million (2002: HK\$2.5 million), representing a decrease of 31.5% over that of the same period of previous year. The decrease was due to the general decrease in market interest rate during the period.

Shareholders' Funds

At 30 September 2003, the Group's shareholders' funds amounted to HK\$705.8 million (31 March 2003: HK\$700.1 million), representing an increase of HK\$5.7 million over that of the previous year-end. The net asset value per share was HK\$2.29 (31 March 2003: HK\$2.29).

Employees

At 30 September 2003, the Group employed a total of 10 staff with defined remuneration policy based on individual merit.

DIRECTORS' INTERESTS

At 30 September 2003, the interests and short positions of the Directors and chief executive of the Company 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 required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of Directors	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Chan Hoi Sow	Beneficial Owner	Personal Interest	2,036,000	171,332,896	55.66
	Interest of Controlled Corporation (Note)	Corporate Interest	169,296,896	—	0.00
Chan Siu Keung, Leonard	—	—	—	—	0.00
Chan Yan Tin, Andrew	Beneficial Owner	Personal Interest	792,000	792,000	0.26
Lee Yip Wah, Peter	—	—	—	—	0.00
Lee Ka Sze, Carmelo	—	—	—	—	0.00

Note: Mr. Chan Hoi Sow had a 100% interest in Beyers Investments Limited which, through its wholly owned subsidiary, Noranger Company Limited, held 143,474,000 shares of the Company. He also had a 100% interest in Evergrade Investments Limited which held 25,822,896 shares of the Company. Accordingly, Mr. Chan Hoi Sow and his spouse, Madame Loo Kuo Pin, were deemed to have interests in 169,296,896 shares of the Company.

Other than as disclosed above, none of the Directors had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO and none of the Directors nor their spouses or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company as at 30 September 2003 or had been granted or exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2003, the interests and short positions of persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Substantial Shareholders	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Loo Kuo Pin	Interest of Spouse (Note 1)	Family Interest	171,332,896	171,332,896	55.66
Noranger Company Limited	Beneficial Owner (Note 2)	Corporate Interest	143,474,000	143,474,000	46.61
Beyers Investments Limited	Interest of Controlled Corporation (Note 2)	Corporate Interest	143,474,000	143,474,000	46.61
Evergrade Investments Limited	Beneficial Owner (Note 3)	Corporate Interest	25,822,896	25,822,896	8.39
Edward Kew	Beneficial Owner (Note 4)	Personal Interest	5,461,200	25,968,494	8.44
	Interest of Spouse (Note 4)	Family Interest	8,856,494		
	Interest of Controlled Corporation (Note 4)	Corporate Interest	11,650,800		
Kew Youn Lunn	Beneficial Owner (Note 5)	Personal Interest	2,380,800	25,968,494	8.44
	Interest of Spouse (Note 5)	Family Interest	5,461,200		
	Interest of Controlled Corporation (Note 5)	Corporate Interest	18,126,494		

Notes:

1. The interest is in fact the same block of shares already disclosed under the personal and corporate interests of her husband, Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
2. The two references to 143,474,000 shares relate to same block of shares in the Company. These shares are held by Noranger Company Limited which is wholly owned by Beyers Investments Limited which in turn is wholly owned by Mr. Chan Hoi Sow and accordingly form part of the block of shares already disclosed under the corporate interests of Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
3. These shares are held by Evergrade Investments Limited which is wholly owned by Mr. Chan Hoi Sow and accordingly form part of the block of shares already disclosed under the corporate interests of Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
4. These interests in aggregate are in fact the same block of shares disclosed under the interests of Madame Kew Youn Lunn, the wife of Mr. Edward Kew.
5. These interests in aggregate are in fact the same block of shares disclosed under the interests of Mr. Edward Kew, the husband of Madame Kew Youn Lunn.

Other than as disclosed above, there was no person, other than a Director of the Company, who as at 30 September 2003, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2003.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30 September 2003 with the Directors.

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 six month period 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.

By Order of the Board
Chan Hoi Sow
Chairman

Hong Kong, 5 December 2003