



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

2004/2005
Interim Report



RESULTS

The Board of Directors are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30 September 2004 as follows :

Condensed Consolidated Profit and Loss Account

		Six months ended 30 September	
		2004	2003
		<i>Unaudited</i>	<i>Unaudited</i>
		HK\$'000	HK\$'000
	<i>Notes</i>		
TURNOVER	2	307,459	335,853
Cost of sales		(275,872)	(307,885)
Gross profit		31,587	27,968
Other revenue and gains	3	7,982	10,048
Selling expenses		(643)	(463)
Administrative expenses		(15,028)	(14,606)
Other operating expenses		(1,299)	(3,222)
PROFIT FROM OPERATING ACTIVITIES		22,599	19,725
Finance costs		(3,674)	(4,197)
PROFIT BEFORE TAX	4	18,925	15,528
Tax	5	(2,673)	(818)
PROFIT BEFORE MINORITY INTERESTS		16,252	14,710
Minority interests		(10,830)	(8,033)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		5,422	6,677
EARNINGS PER SHARE	6		
Basic		0.71cents	0.91cents
Diluted		0.70cents	0.91cents

Condensed Consolidated Balance Sheet

	<i>Notes</i>	As at 30 September 2004 <i>Unaudited</i> HK\$'000	As at 31 March 2004 <i>Audited</i> HK\$'000
NON-CURRENT ASSETS			
Fixed assets		144,574	169,951
Investment properties		950,350	950,350
Properties under development		297,461	263,604
Interests in associates		234	234
Goodwill:			
Goodwill		—	87
Negative goodwill		(26,237)	(28,134)
Other assets		1,499	1,499
Deferred tax assets		986	986
		<u>1,368,867</u>	<u>1,358,577</u>
CURRENT ASSETS			
Short term investments		228	224
Inventories		15,967	12,175
Properties held for sale		16,743	16,855
Amounts due from customers for contract works		98,052	75,928
Trade receivables	7	175,426	201,177
Other receivables, prepayments and deposits		24,919	23,597
Tax prepaid		2,406	1,858
Time deposits		9,269	3,769
Cash and bank balances		74,000	81,948
		<u>417,010</u>	<u>417,531</u>
CURRENT LIABILITIES			
Bills payable		—	630
Trade payables and accruals	8	149,820	152,141
Other payables, deposits received and receipts in advance		25,440	24,822
Amounts due to customers for contract works		12,469	15,787
Interest-bearing bank loans and borrowings		192,110	226,981
Current portion of finance leases payables		2,638	5,845
Tax payable		3,041	2,532
		<u>385,518</u>	<u>428,738</u>
NET CURRENT ASSETS/(LIABILITIES)		31,492	(11,207)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,400,359	1,347,370
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and borrowings		146,601	102,464
Long term portion of finance lease payables		—	255
Deferred tax liabilities		8,550	10,630
		<u>155,151</u>	<u>113,349</u>
		<u>1,245,208</u>	<u>1,234,021</u>
CAPITAL AND RESERVES			
Issued capital		76,496	75,016
Reserves		593,016	586,776
		<u>669,512</u>	<u>661,792</u>
Minority interests		575,696	572,229
		<u>1,245,208</u>	<u>1,234,021</u>



Condensed Consolidated Statement of Changes in Equity

	Issued share capital HK\$'000	Share premium account HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31 March 2004 (<i>Audited</i>)	75,016	510,157	3,505	3,782	69,332	661,792
Issue of shares	1,480	830	—	—	—	2,310
Net profit for the period	—	—	—	—	5,422	5,422
Exchange realignment	—	—	—	(12)	—	(12)
At 30 September 2004 (<i>Unaudited</i>)	<u>76,496</u>	<u>510,987</u>	<u>3,505</u>	<u>3,770</u>	<u>74,754</u>	<u>669,512</u>
At 31 March 2003 (<i>Audited</i>)	73,186	508,577	3,398	3,593	53,555	642,309
Net profit for the period	—	—	—	—	6,677	6,677
Exchange realignment	—	—	—	(6)	—	(6)
At 30 September 2003 (<i>Unaudited</i>)	<u>73,186</u>	<u>508,577</u>	<u>3,398</u>	<u>3,587</u>	<u>60,232</u>	<u>648,980</u>

Condensed Consolidated Cash Flow Statement

	Six months ended 30 September	
	2004 <i>Unaudited</i> HK\$'000	2003 <i>Unaudited</i> HK\$'000
Net cash inflow/(outflow) from operating activities	36,379	(68,962)
Net cash inflow/(outflow) from investing activities	(34,412)	20,339
Net cash outflow from financing activities	(5,231)	(2,018)
Net decrease in cash and cash equivalents	(3,264)	(50,641)
Cash and cash equivalents at beginning of period	85,717	140,586
Effect of foreign exchange rate changes, net	(28)	—
Cash and cash equivalents at end of period	<u>82,425</u>	<u>89,945</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	83,269	89,945
Bank overdrafts	(844)	—
	<u>82,425</u>	<u>89,945</u>

Notes
1 Basis of preparation and accounting policies

The unaudited condensed financial statements of the Group have been prepared in accordance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of presentation adopted in the preparation of these interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 March 2004.



2 Segment information

(a) Business segments

The following tables present revenue and profit/(loss) for the Group's business segments for the six months ended 30 September.

	Foundation piling		E&M engineering and building construction		Machinery leasing and trading		Property investment and management		Property development		Unallocated		Eliminations		Consolidated	
	2004 Unaudited HK\$'000	2003 Unaudited HK\$'000	2004 Unaudited HK\$'000	2003 Unaudited HK\$'000	2004 Unaudited HK\$'000	2003 Unaudited HK\$'000	2004 Unaudited HK\$'000	2003 Unaudited HK\$'000	2004 Unaudited HK\$'000	2003 Unaudited HK\$'000	2004 Unaudited HK\$'000	2003 Unaudited HK\$'000	2004 Unaudited HK\$'000	2003 Unaudited HK\$'000	2004 Unaudited HK\$'000	2003 Unaudited HK\$'000
Segment revenue:																
Sales to external customers	174,271	199,090	74,700	83,046	9,211	4,816	47,657	43,403	1,620	5,498	—	—	—	—	307,459	335,853
Intersegment sales	2,000	(11)	403	—	1,403	674	—	300	—	—	—	—	(3,806)	(963)	—	—
Total	176,271	199,079	75,103	83,046	10,614	5,490	47,657	43,703	1,620	5,498	—	—	(3,806)	(963)	307,459	335,853
Segment results	11,286	15,684	4,972	5,357	(3,087)	(6,180)	23,050	22,865	(1,259)	(3,819)	(12,735)	(14,857)	—	—	22,227	19,050
Interest income													372		372	674
Dividend income from listed investments															—	1
Profit from operating activities															22,599	19,725
Finance costs															(3,674)	(4,197)
Profit before tax															18,925	15,528
Tax															(2,675)	(818)
Profit before minority interests															16,252	14,710
Minority interests															(10,830)	(8,033)
Net profit from ordinary activities attributable to shareholders															5,422	6,677



2 Segment information (Cont'd)

(b) Geographical segments

The following tables present revenue and profit/(loss) for the Group's geographical segments for the six months ended 30 September.

	Hong Kong		Elsewhere in the PRC		Unallocated		Consolidated	
	2004 <i>Unaudited</i> HK\$'000	2003 <i>Unaudited</i> HK\$'000	2004 <i>Unaudited</i> HK\$'000	2003 <i>Unaudited</i> HK\$'000	2004 <i>Unaudited</i> HK\$'000	2003 <i>Unaudited</i> HK\$'000	2004 <i>Unaudited</i> HK\$'000	2003 <i>Unaudited</i> HK\$'000
Segment revenue:								
Sales to external customers	258,688	287,470	48,771	48,383	—	—	307,459	335,853
Segment results	13,305	18,183	21,460	15,495	(12,538)	(14,628)	22,227	19,050

3 Other revenue and gains

Six months ended 30 September

	2004 <i>Unaudited</i> HK\$'000	2003 <i>Unaudited</i> HK\$'000
Interest income	372	674
Insurance claims	35	1,159
Gain on disposal of fixed assets	2,309	1,895
Gain on disposal of an investment property	—	3,000
Unrealised holding gains on short term listed investments	4	26
Negative goodwill recognised as income during the period	1,897	1,897
Subsidy received from PRC local authority	1,745	—
Dividend income from listed investments	—	1
Others	1,620	1,396
	<u>7,982</u>	<u>10,048</u>

4 Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

Six months ended 30 September

	2004 <i>Unaudited</i> HK\$'000	2003 <i>Unaudited</i> HK\$'000
Amortisation of goodwill	87	2,365
Depreciation	29,986	35,234
Interest expenses	5,047	6,211
Less: Amount capitalised in properties under development	(1,373)	(2,014)
	<u>3,674</u>	<u>4,197</u>



5 Tax

	Six months ended 30 September	
	2004 <i>Unaudited</i> HK\$'000	2003 <i>Unaudited</i> HK\$'000
Provision for tax in respect of profit for the period:		
People's Republic of China:		
Hong Kong	1,655	1,391
Elsewhere	4,185	3,345
Overprovision in prior year:		
People's Republic of China:		
Hong Kong	(1,070)	—
Elsewhere	(17)	(1,518)
	<hr/>	<hr/>
Deferred tax	4,753	3,218
	(2,080)	(2,400)
	<hr/>	<hr/>
	2,673	818
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China have been calculated at the applicable tax rates prevailing in the areas in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6 Earnings per share

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders of HK\$5,422,000 (2003: HK\$6,677,000) and on the weighted average number of 758,870,821 (2003: 731,865,903) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the net profit from ordinary activities attributable to shareholders of HK\$5,422,000 (2003: HK\$6,677,000). The weighted average number of ordinary shares used in the calculation is 758,870,821 (2003: 731,865,903) ordinary shares in issue during the period, as used in the basic earnings per share calculation and the weighted average of 11,133,542 (2003: 5,631,579) ordinary shares assumed to have issued at no consideration on the deemed exercise of all share options during the period.

7 Trade receivables

	As at 30 September 2004 <i>Unaudited</i> HK\$'000	As at 31 March 2004 <i>Audited</i> HK\$'000
	Trade receivables with aging analysis :	
Within 90 days	141,299	135,046
91 to 180 days	1,779	5,769
181 to 360 days	2,833	4,732
Over 360 days	3,079	1,662
	<hr/>	<hr/>
	148,990	147,209
Retention receivables	26,436	53,968
	<hr/>	<hr/>
	175,426	201,177
	<hr/> <hr/>	<hr/> <hr/>

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers are within 90 days, and are subject to periodic review by management.

8 Trade payables and accruals

	As at 30 September 2004 <i>Unaudited</i> HK\$'000	As at 31 March 2004 <i>Audited</i> HK\$'000
Trade payables with aging analysis :		
Within 30 days	54,867	57,748
31 to 90 days	6,552	3,453
91 to 180 days	1,449	18
Over 180 days	6,706	6,043
	<hr/>	<hr/>
	69,574	67,262
Retention payables	20,923	27,661
Accruals	59,323	57,218
	<hr/>	<hr/>
	149,820	152,141
	<hr/> <hr/>	<hr/> <hr/>

9 Commitments and contingent liabilities

	As at 30 September 2004 <i>Unaudited</i> HK\$'000	As at 31 March 2004 <i>Audited</i> HK\$'000
(a) Future capital expenditure		
Contracted, but not provided for in the financial statements	44,960	66,798
	<hr/>	<hr/>
(b) Commitments under non-cancellable operating leases for land and buildings to make payments		
Within one year	9,127	8,192
In the second to fifth years inclusive	6,306	5,566
	<hr/>	<hr/>
	15,433	13,758
	<hr/> <hr/>	<hr/> <hr/>
(c) Contingent liabilities		
Long service payments	5,819	5,399
Guarantees in respect of performance bonds	36,108	40,587
	<hr/>	<hr/>
	41,927	45,986
	<hr/> <hr/>	<hr/> <hr/>



BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 September 2004, the Group's turnover and net profit attributable to shareholders were approximately HK\$307.5 million and HK\$5.4 million respectively.

Hong Kong Market

Foundation Piling

Despite the gradual rebound of the Hong Kong economy and the steady revival of the property market, the construction industry is still on the verge of a slow recovery. For the period under review, the turnover of the Group's foundation division was HK\$174 million while contribution to profit amounted to HK\$11.3 million. Approximately 59 per cent. of the contracts completed were from the public sector while the balance were from the private sector. The Group's major contracts on hand include, inter alia, Stonecutters Bridge, Housing Authority's Upper Ngau Tau Kok Estate Phases 2 and 3 and the recently awarded HK\$140 million foundation contract of Venetian Hotel in Macau. By establishing its footprint in Macau, the Group not only denotes its capability in expanding beyond the territory of Hong Kong but also signifies the Group's leadership position in the foundation industry.

E&M Engineering and Building Construction

During the period under review, the turnover and contribution of the Group's E&M engineering and building construction divisions were about HK\$75 million and HK\$5 million respectively. Despite a very competitive environment, the Group still expects the divisions to yield stable and profitable returns.

Machinery Hiring and Trading

With the successful completion of a radical restructuring of the Group's machinery hiring and trading division, its turnover during the period under review has increased by over 90% to HK\$9 million with major contribution from the tower cranes market. Though this division still suffers a loss, the Group expects it to fully turnaround in the coming financial year.

PRC Market

Property development and investment

The Group's mid-range priced residential development project in Shanghai's Putuo district, with a total area of about 150,000 sqm overlooking Suzhou river, will be developed in 2 phases with the first phase to commence in the first quarter of 2005. Pre-sale is expected to commence one year after the commencement date. With regards to the residential development project along Tianjin's Haihe River, with a total area of about 75,000 sqm, the project will also be developed in 2 phases with the first phase to commence in the first half of 2005. Likewise, pre-sale will be scheduled a year after the commencement date.

With increasing foreign investments and international focus in China's major cities, the Group's investment properties in Shanghai and Tianjin have continued to enjoy steady recurrent income and satisfactory occupancy rates.

Capital Structure and Liquidity

The Group continues to adopt a prudent financial policy and maintains a sound capital structure with healthy cashflow. As at 30 September 2004, the Group's cash on hand amounted to about HK\$83 million while total assets and net assets amounted to approximately HK\$1,786 million and HK\$670 million respectively. Working capital was about HK\$31 million while net borrowings were approximately HK\$258 million. The total liabilities to total assets gearing ratio was maintained at a prudent level of 30.3 per cent..

As at 30 September 2004, contingent liabilities in relation to guarantees in respect of performance bonds decreased to about HK\$36 million (31 March 2004: HK\$41 million), while certain of the Group's fixed assets with an aggregate net book value of about HK\$322 million (31 March 2004: HK\$328 million) have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were mostly denominated in Hong Kong dollars but Renminbi loan facilities have also been arranged for its PRC subsidiaries. The currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue as generated from its PRC properties.

Prospects

Though there are still lingering concerns over the outlook of the construction industry, the recent factors are supportive as the Hong Kong economy rebounds and the property market picks up its momentum. Since the market condition of the construction industry will remain competitive, the Group has already strengthened and sharpened its capabilities to cushion out the impact of near term challenge. On the other hand, with the forthcoming development projects in Macau, the Group will capitalize on its well established leadership role in the foundation industry to capture such business opportunities.

China's economy continues to grow at a vigorous pace. Despite mixed opinions on the reasons and effect of the central government's austerity program, one thing for certain is that the property market in China has become more healthy as the weak and non-professional players are being weeded out. In addition, judging from the recent public land auctions, it is apparent that there is a new wave of foreign investments targeting mid-priced good location residential sites in major PRC cities. With increasing foreign investments, strong domestic demand and more open and regulated business environment, the Group is confident that its property projects in Shanghai and Tianjin will be the growth driver of the Group in the coming years.

INTERIM DIVIDEND

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

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,000 employees as at 30 September 2004. The Group's remuneration policies are primarily based on prevailing market wages and the performance of the respective companies and individuals concerned. Fringe benefits, including provident fund, medical insurance and training, are provided. In addition, share options may be granted in accordance with the terms of the Group's approved share option scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 September 2004, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register kept under 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 (the "Model Code") contained in the Listing Rules were as follows:

Long positions in shares of the Company:

Name of directors	Number of ordinary shares held and nature of interest				Percentage of the issued share capital
	Personal	Corporate	Other	Total	
Mr. Francis Cheung	35,820,600	179,685,000 ⁽¹⁾	54,247,200 ⁽²⁾	269,752,800	35.26%
Mr. Fung Chiu Chak Victor	44,321,600	—	—	44,321,600	5.79%
Mr. David Chien	98,021,020	—	—	98,021,020	12.81%
Miss Jennifer Kwok	4,500,000	—	—	4,500,000	0.59%
Mr. Chiu Chin Hung	1,646,000	—	—	1,646,000	0.22%
Mr. Wong Kay	2,765,000	—	—	2,765,000	0.36%
Mr. Tse Man Bun	442,000	—	—	442,000	0.06%

Long positions in shares of associated corporations of the Company:

Name of directors	Name of associated corporation	Number of ordinary shares held and nature of interest		
		Personal	Corporate	Total
Mr. Fung Chiu Chak Victor	Tysan Building Construction Company Limited	3,570,000	—	3,570,000
	Tysan Engineering Company Limited	800	—	800
	Tysan Trading Company Limited	20	—	20
Miss Jennifer Kwok	Tysan Trading Company Limited	—	20 ⁽³⁾	20
Mr. Wong Kay	Tysan Engineering Company Limited	1,700	—	1,700

Notes:

- 171,237,000 shares were held by Power Link Investments Limited and 8,448,000 shares were held by Long Billion International Limited. Both of these companies were controlled by Mr. Francis Cheung.
- Such shares were held by a discretionary trust the founder of which is Mr. Francis Cheung.
- These shares were held by JM Concept Company Limited which was controlled by Miss Jennifer Kwok.

Save as disclosed above, none of the directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the 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 pursuant to the Model Code.



SHARE OPTION SCHEME

As at 30 September 2004, details of share options granted to the directors or eligible employees under the share option schemes of the Company were as follows:

Name of participant	Number of share options					At 30 September 2004	Date of grant	Exercise period	Exercise price HK\$
	At 1 April 2004	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Directors of the Company									
Mr. Francis Cheung	37,500,000	—	—	—	—	37,500,000	26 March 2004	26 March 2004 to 31 March 2009	0.252
Mr. Fung Chiu Chak Victor	20,000,000	—	(10,000,000)**	—	—	10,000,000	3 March 2003*	28 March 2003 to 31 March 2006	0.150
Miss Jennifer Kwok	15,000,000	—	(3,000,000)**	—	—	12,000,000	3 March 2003*	28 March 2003 to 31 March 2006	0.150
Mr. Chiu Chin Hung	5,000,000	—	—	—	—	5,000,000	3 March 2003*	28 March 2003 to 31 March 2006	0.150
Mr. Wong Kay	8,000,000	—	—	—	—	8,000,000	3 March 2003*	28 March 2003 to 31 March 2006	0.150
	<u>85,500,000</u>	<u>—</u>	<u>(13,000,000)</u>	<u>—</u>	<u>—</u>	<u>72,500,000</u>			

* Each grantee is allowed to exercise up to 30% of the share options granted from the date of grant up to and including 31 March 2004. Thereafter, the percentage of the share options which may be exercised by each grantee is increased to 60% for the period from 1 April 2004 up to and including 31 March 2005, and further to 100% for the period from 1 April 2005 up to and including 31 March 2006.

** The weighted average closing price of the shares of the Company immediately before the dates on which share options were exercised was HK\$0.295 per share.

Save as disclosed above, there was no arrangement to which the Company or any of its subsidiaries was a party to enable the directors, their spouses or children under 18 years of age, to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2004, the following persons (other than the directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares and underlying shares of the Company:

Name	Number of shares	Percentage of the issued share capital
Power Link Investments Limited ⁽¹⁾	171,237,000	22.38%
Eastern Glory Development Limited ⁽²⁾	171,237,000	22.38%
Goldcrest Enterprises Limited ⁽²⁾	171,237,000	22.38%
Bofield Holdings Limited ⁽²⁾	171,237,000	22.38%
Teddy Chien	41,034,399	5.36%
Enid Jean Chien	40,180,000	5.25%
Liu Chong Hing Bank Limited ⁽³⁾	40,500,000	5.29%

Notes:

- The above interest of Power Link Investments Limited has also been disclosed as corporate interest of Mr. Francis Cheung in the section headed "Directors' and Chief Executives' interests in shares" above.
- These parties were deemed to have interests in 171,237,000 shares by virtue of their equity interests in Power Link Investments Limited.
- Such shares were held by Liu Chong Hing Bank Limited in the capacity as a custodian.

Save as disclosed above, no other person (other than the directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CODE OF BEST PRACTICE

In the opinion of the Board, the Company had complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the period, except that the non-executive directors of the Company are not appointed for specific terms as they are subject to retirement by rotation at the annual general meeting in accordance with the Company's bye-laws.

AUDIT COMMITTEE

Mr. Tse Man Bun has been appointed as an independent non-executive director and a member of the audit committee of the Company with effect from 28 September 2004. The current audit committee comprises three members, Mr. Fan Chor Ho Paul, Mr. Chau Cham Son and Mr. Tse Man Bun, who are independent non-executive directors of the Company. The Group's Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial matters including the review of the Group's unaudited interim results for the six months ended 30 September 2004.

By Order of the Board
Francis Cheung
Chairman

Hong Kong, 8 December 2004