



# 合生創展集團有限公司

## HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

website: <http://www.irasia.com/listco/hk/hopson>

### FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2003

#### FINANCIAL HIGHLIGHTS

(for the year ended 31st December, 2003)

- Turnover recorded a record result of HK\$3,325,922,000, achieving a significant increase of 56%
- Profit attributable to shareholders was a record result of HK\$315,354,000, representing a significant growth of 38%
  - Earnings per share were HK31 cents
  - Total dividends for the year were HK5 cents

#### BUSINESS REVIEW

##### Industry Overview

In 2003:

- China's GDP growth managed to maintain at 9.1% despite the outbreak of the Severe Acute Respiratory Syndrome ("SARS")
- Real estate investments in China recorded a growth of 29.7% over 2002, the biggest increase since 1997.
- GDP growth of major cities such as Guangzhou, Beijing, Shanghai and Tianjin surpassed the national GDP growth and the transaction areas of commodity properties in those cities were on the rise.

##### Sales Performance

During the year,

- a total of 4,543 units, or approximately 543,078 sq.m. from projects in Guangzhou including Gallopade Park South Court, Huanan New City, Huajing New City, Pleasant View Garden, Fairview South Court and Regal Riviera were sold
- the Group successfully developed its brand name and strengthened its market position in Beijing. The sales performance there was encouraging, comprised of 1,106 units, or approximately 149,725 sq.m., from projects including Fresh Life Garden, Regal Court and Citta Eterna.

##### Project Development Progress

- Project developments in Guangzhou and Beijing continued to make satisfactory progress and were completed according to planned schedules;
- The construction of a project that encapsulates holiday resort, leisure and residential facilities in Tianjin has already commenced;

##### Landbank replenishment

In 2003, the Group

- In Guangzhou, actively planned its acquisition of two additional land sites totalling approximately 62,000 sq.m.;
- In Shanghai, acquired a land lot with a site area of approximately 517,000 sq.m. in the Minhang District.

##### Prospects

- Given the consistent economic growth and increased personal income of the general public, the management expects the momentum for expansion in the mainland China's real estate sector will remain strong in the foreseeable future;
- The Group continues to further enhance its competitiveness in the residential market and at the same time, place a greater emphasis on its commercial portfolio;
- Amid the various challenges, including rising raw material costs and increasing competitions, the Group is committed to streamlining its operations and adopting stringent cost control measures to secure good results.

#### FINAL RESULTS

The Board of Directors of Hopson Development Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December, 2003 together with comparative figures for the previous year as follows:

	Notes	2003 HK\$'000	2002 HK\$'000 As restated
Turnover	2 & 3	3,325,922	2,126,789
Cost of sales		(2,431,612)	(1,347,736)
Gross profit		894,310	779,053
Other revenue	3	7,211	2,632
Selling and marketing expenses		(231,251)	(200,529)
General and administrative expenses		(139,852)	(146,201)
Profit from operations	3 & 4	530,418	434,955
Share of profit of a jointly controlled entity		110,922	91,586
Share of loss of an associate		(1,118)	(3,033)
Finance costs	5	(4,280)	(12,644)
Profit before taxation		635,942	510,864
Taxation	6	(252,000)	(229,811)
Profit after taxation		383,942	281,053
Minority interests		(68,588)	(51,971)
Profit attributable to shareholders		315,354	229,082
Dividends	7	50,100	40,080
Earnings per share	8		
– Basic		HK 31 cents	HK 23 cents
– Diluted		HK 31 cents	HK 23 cents

Notes:

##### (1) Change in an accounting policy

During the year, the Group has changed its accounting policy with respect to deferred taxation following the adoption of Statement of Standard Accounting Practice ("SSAP") 12 – Income taxes, issued by Hong Kong Society of Accountants ("HKSA"), which is effective for accounting period commencing on or after 1st January, 2003.

In prior years, deferred taxation was provided for at the current taxation rate in respect of significant timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. Under SSAP 12, deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts, based on the tax rates enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The adoption of SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparative figures presented have been restated to conform to the changed policy. In this connection, the balances of investment property revaluation reserve at 1st January, 2003 and 1st January, 2002 have been reduced by approximately HK\$355,404,000 and HK\$218,956,000, respectively, representing the unprovided deferred tax liabilities on investment property revaluation reserve which were not expected to be crystallised in the foreseeable future. The adoption of SSAP 12 has no significant effect on the Group's results for the current or prior accounting periods.

##### (2) Turnover

Turnover (net of applicable business tax) consists of (1) pre-sale of properties under development for sale under legally-binding agreements which is recognised by reference to the stage of completion of the development of the properties, (2) sale of completed properties held for sale under legally-binding agreements, (3) rental income and (4) property management fees.

##### (3) Segment information

The Group operates predominantly in mainland China and in three business segments - property development, property investment and property management.

Analysis of the Group's results by business segment was as follows:

	Property development		Property investment		Property management		Eliminations		Total	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
External Inter-segment	3,238,906	2,073,847	35,487	18,414	51,529	34,528	–	–	3,325,922	2,126,789
	–	–	–	–	4,196	2,250	(4,196)	(2,250)	–	–
Total turnover	3,238,906	2,073,847	35,487	18,414	55,725	36,778	(4,196)	(2,250)	3,325,922	2,126,789

	Property development		Property investment		Property management		Total	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Segment results	486,842	414,541	31,318	16,573	5,047	1,209	523,207	432,323
Other revenue							7,211	2,632
Profit from operations							530,418	434,955
Share of profit of a jointly controlled entity	110,922	91,586	–	–	–	–	110,922	91,586
Share of loss of an associate	(1,118)	–	–	(3,033)	–	–	(1,118)	(3,033)
Finance costs							(4,280)	(12,644)
Profit before taxation							635,942	510,864
Taxation							(252,000)	(229,811)
Profit after taxation							383,942	281,053
Minority interests							(68,588)	(51,971)
Profit attributable to shareholders							315,354	229,082

##### (4) Profit from operations

Profit from operations is determined after charging and crediting the following items:

	2003 HK\$'000	2002 HK\$'000
After charging –		
Staff costs (including directors' emoluments)	118,729	90,677
Depreciation of properties and equipment	8,423	5,820
Amortization		
– goodwill (included in general and administrative expenses)	2,936	2,425
– rights to receive rental income (included in cost of sales)	3,308	1,103
Loss on disposal of properties and equipment	486	74
Loss on investment in securities	–	1,405
Net exchange loss	–	59
After crediting –		
Interest income from bank deposits	7,211	2,632
Gain on investment in securities	722	–
Rental income, less outgoing	31,938	16,573
Net exchange gain	196	–

##### (5) Finance costs

Finance costs comprised:

	2003 HK\$'000	2002 HK\$'000
Interest on loans wholly repayable within five years	164,072	103,893
Less: Interest capitalized as part of the cost of properties under development	(159,792)	(91,249)
	4,280	12,644

##### (6) Taxation

Taxation consists of:

	2003 HK\$'000	2002 HK\$'000 As restated
Company and subsidiaries		
Current taxation –		
Hong Kong profits tax	12,704	5,210
Mainland China enterprise income tax	208,506	212,003
Mainland China land appreciation tax	3,359	3,428
Deferred taxation –		
Mainland China enterprise income tax	(45,375)	(56,391)
Mainland China land appreciation tax	18,496	20,956
	197,690	185,206

##### Jointly controlled entity

	2003 HK\$'000	2002 HK\$'000
Current taxation –		
Mainland China enterprise income tax	27,884	23,140
Mainland China land appreciation tax	26,426	21,465
	54,310	44,605
	252,000	229,811

Hong Kong profits tax is provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit arising in or derived from Hong Kong. Mainland China enterprise income tax is provided at a rate of 33% (2002: 33%). Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

## (7) Dividends

Interim, paid, of HK\$0.02 (2002: HK\$0.02) per ordinary share  
Final, proposed, of HK\$0.03 (2002:HK\$0.02) per ordinary share

	2003	2002
	<i>HKS'000</i>	<i>HKS'000</i>
	<b>20,040</b>	20,040
	<b>30,060</b>	20,040
	<b>50,100</b>	<b>40,080</b>

## (8) Earnings per share

The calculation of basic earnings per share is based on the audited consolidated profit attributable to shareholders of approximately HK\$315,354,000 (2002: HK\$229,082,000) and the weighted average number of 1,002,000,000 shares (2002: 1,002,000,000 shares) in issue during the year.

The calculation of diluted earnings per share is based on the audited consolidated profit attributable to shareholders of approximately HK\$315,354,000 (2002: HK\$229,082,000) and the diluted weighted average number of approximately 1,002,096,000 shares (2002: 1,002,561,000 shares) in issue after adjusting for the potential dilutive effect in respect of outstanding employee share options.

## (9) Consolidated statement of changes in equity

	Retained profits HKS'000	Share premium HKS'000	Investment property revaluation reserve HKS'000	General reserve fund HKS'000	Cumulative translation adjustments HKS'000	Proposed dividends HKS'000	Total HKS'000
At 1st January, 2002							
– as previously reported	718,706	618,849	758,866	30,724	6,499	20,040	2,153,684
– adjustment on adoption of SSAP 12	–	–	(218,956)	–	–	–	(218,956)
– as restated	718,706	618,849	539,910	30,724	6,499	20,040	1,934,728
Profit attributable to shareholders	229,082	–	–	–	–	–	229,082
Transfer from retained profits	(17,380)	–	–	17,380	–	–	–
Proposed dividends	–	–	–	–	–	–	–
– interim dividend	(20,040)	–	–	–	–	20,040	–
– final dividend	(20,040)	–	–	–	–	20,040	–
Payment of dividends	–	–	–	–	–	(40,080)	(40,080)
Surplus on revaluation of investment properties	–	–	–	–	–	–	–
– gross	–	–	512,891	–	–	–	512,891
– deferred taxation	–	–	(290,315)	–	–	–	(290,315)
Translation adjustments	–	–	–	–	(2,286)	–	(2,286)
	<b>890,328</b>	<b>618,849</b>	<b>762,486</b>	<b>48,104</b>	<b>4,213</b>	<b>20,040</b>	<b>2,344,020</b>
At 31st December, 2002							
At 1st January, 2003							
– as previously reported	890,328	618,849	1,117,890	48,104	4,213	20,040	2,699,424
– adjustment on adoption of SSAP 12	–	–	(355,404)	–	–	–	(355,404)
– as restated	890,328	618,849	762,486	48,104	4,213	20,040	2,344,020
Profit attributable to shareholders	315,354	–	–	–	–	–	315,354
Transfer from retained profits	(36,395)	–	–	36,395	–	–	–
Proposed dividends	–	–	–	–	–	–	–
– interim dividend	(20,040)	–	–	–	–	20,040	–
– final dividend	(30,060)	–	–	–	–	30,060	–
Payment of dividends	–	–	–	–	–	(40,080)	(40,080)
Reserve transferred to the profit and loss account upon disposal of investment properties	–	–	(38,388)	–	–	–	(38,388)
Surplus on revaluation of investment properties	–	–	–	–	–	–	–
– gross	–	–	22,272	–	–	–	22,272
– deferred taxation	–	–	(8,753)	–	–	–	(8,753)
Translation adjustments	–	–	–	–	(247)	–	(247)
	<b>1,119,187</b>	<b>618,849</b>	<b>737,617</b>	<b>84,499</b>	<b>3,966</b>	<b>30,060</b>	<b>2,594,178</b>
At 31st December, 2003							

## SUBSEQUENT EVENT

In March 2004, the Group purchased from two individuals (“the sellers”) an effective interest of 70% in Dynawell Investment Limited, which owns a plot of land for development in Guangzhou, Guangdong Province, mainland China, for a consideration of HK\$5,000. In addition, the Group has agreed to be responsible for all the costs for the development of the entire property project and to distribute to the sellers a 30% interest of the total saleable area of the properties developed upon completion.

## DIVIDENDS

The Board of Directors has recommended the payment of a final dividend of HK3 cents (2002: HK2 cents) per share. This, together with the interim dividend of HK2 cents (2002: HK2 cents) per share, will give a total dividends of HK5 cents (2002: HK4 cents) per share for the year ended 31st December, 2003.

The final dividend will be paid on Wednesday, 30th June, 2004 to shareholders whose names appear on the register of members of the Company on Monday, 24th May, 2004 subject to the approval of shareholders at the Annual General Meeting to be held on Monday, 24th May, 2004.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### Performance

The economies of both Hong Kong and mainland China were adversely affected by the outbreak of SARS virus during the first half of 2003. However, buyers’ confidence and sales volume in the residential property market improved towards the later part of the year. Overall, with the benefits of the continued growth in mainland China’s economic development, the Group achieved a record turnover for the year ended 31st December, 2003, which increased by 56% from HK\$ 2,127 million to HK\$3,326 million compared to the previous year. This volume does not include the turnover of a jointly controlled entity, in which the Group has a 40% interest. Total turnover of the jointly controlled entity for 2003 amounted to HK\$ 625 million (2002: HK\$ 528 million) representing an increase of 18% on the prior year.

The Group’s business in Beijing was satisfactory. The first phase of Fresh Life Garden was completed and delivered to buyers in the fourth quarter of 2003. Pre-sale for the other two Beijing projects, Citta Eterna and Regal Court made good progress due to the increased construction progress and an improved sentiment of the general Beijing real estate market since mid-2003. Projects located in the Beijing area contributed a substantially increased portion in turnover of the Group, representing 34% in 2003 (2002: 7% ).

Sales in Guangzhou area were encouraging although keen competitions and rigid market conditions continued to exist. Sales volume, in terms of gross floor area sold, increased by 21% from 449,754 sq.m. (3,710 units) in 2002 to 543,078 sq.m. (4,543 units). Projects, such as Gallopade Park South Court and Huanan New City remained well accepted by the market.

During the year, the Group experienced a fall in gross profit ratio from 37% in 2002 to 27% and a higher direct cost-to-turnover margin of 73% (2002: 63%). This phenomenon was to a large extent attributable to the disposal of old inventories at reduced prices, a general decline in unit selling prices of certain projects in Guangzhou area prompted by intense competitions, and the increased interest charges capitalized as a result of greater amounts of bank borrowings raised to finance the development of projects.

Total general and administrative expenses dropped mildly by 4.3% to HK\$140 million in 2003 (2002: HK\$146 million). This was primarily owing to the Group’s stringent cost control measures imposed and less start-up costs incurred in Beijing this year, as its operation was in the second year of running. However, the rising staff costs due principally to the Group’s expansion in Beijing and Tianjin remained significant.

The control efforts made to tighten the Group’s spending on advertising and marketing achieved some results. The level of selling and marketing expenses expressed as a percentage over turnover fell from 9.4% in 2002 to 7.0% in 2003 although the amount expended increased by 15.3% to HK\$231 million (2002: HK\$201 million).

During the year, the Group incurred interest expenses before capitalization totalling HK\$164 million. (2002: HK\$104 million). The average interest rate of borrowing costs incurred during the year ended 31st December, 2003 was approximately 5.6% per annum (2002: 6.0% per annum).

Profit from operations covered 3.2 times of the interest expenses before capitalization, compared to 4.2 times for the previous year.

Whilst the Group’s taxation expenses increased by 9.7% from HK\$230 million in 2002 to HK\$252 million in 2003, the effective tax rate decreased slightly, due mainly to the favourable effect of different tax rates between Hong Kong (17.5%) and mainland China (33%), from 45% in 2002 to 40% in 2003.

#### Results

The Group had a strong year in 2003 with profit attributable to shareholders at HK\$315 million, being HK\$86 million or 38% higher than that in 2002. The significant increase was mainly attributable to a significant increase in turnover as more residential units were sold, particularly in the Beijing area.

#### Financial position

Assets, liabilities and shareholders’ equity of the Group as at 31st December, 2003 were as follows:

	As at 31st December, 2003 <i>HKS'000</i>	As at 31st December, 2002 <i>HKS'000</i> <i>(Note 1)</i>
Current assets	<b>5,504,176</b>	4,490,692
Non-current assets	<b>4,840,254</b>	4,256,330
<b>Total assets</b>	<b>10,344,430</b>	8,747,022
Current liabilities	<b>4,304,510</b>	3,873,981
Non-current liabilities	<b>2,822,057</b>	2,131,095
<b>Total liabilities</b>	<b>7,126,567</b>	6,005,076
Minority interests	<b>523,485</b>	297,726
<b>Net assets</b>	<b>2,694,378</b>	2,444,220
<b>Shareholders’ equity</b>		
Share Capital	<b>100,200</b>	100,200
Reserves	<b>1,444,931</b>	1,433,652
Retained profits	<b>1,119,187</b>	890,328
Proposed dividends	<b>30,060</b>	20,040

Note:–

#### (1) Comparative figures

Certain comparative figures have been adjusted as a result of the change in accounting policy for income taxes in order to comply with SSAP 12. The adoption of SSAP 12 required deferred tax assets and liabilities to be provided in full using the balance sheet liability method. As a result, the investment properties revaluation reserve and therefore the net assets of the Group as at 31st December, 2002 were restated and decreased by approximately HK\$355 million.

As at 31st December, 2003, total assets of the Group amounted to HK\$10,344 million and its total liabilities (excluding minority interests) amounted to HK\$7,127 million, representing an increase of HK\$1,597 million and HK\$1,121 million respectively on the previous year. Total assets increased mainly due to an increased construction progress for the Group’s newly developed projects, in particular, in the Beijing area. However, the additional investments made were financed by bank loans and, to a certain extent, accounts payable thereby leading to a corresponding increase in total liabilities.

Current ratio increased from 1.16 at last year end to 1.28 this year representing an increase of 10.3%. Shareholders’ equity increased to HK\$2,694 million at 31st December, 2003 from HK\$2,444 million (restated) at 31st December, 2002, due mainly to the contribution from the current year’s profit attributable to shareholders.

#### Liquidity and borrowings

As at 31st December, 2003, the Group’s liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding minority interests) was 69% (2002: 69% (restated)). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders’ equity) was 105% (2002: 97% (restated)).

As at 31st December, 2003, the Group had cash and short-term bank deposits amounting to HK\$660 million (2002: HK\$489 million), of which HK\$256 million (2002: HK\$232 million) were pledged as collateral for the Group’s banking facilities. In addition, the Group’s bank deposits of approximately HK\$53 million (2002: HK\$49 million) were charged by certain banks in respect of the processing of mortgage facilities granted by the banks to buyers of the Group’s properties. 96% of the cash and bank deposits was denominated in Renminbi, 3% in Hong Kong dollars and 1% in United States dollars.

Total borrowings from banks amounted to HK\$3,046 million (2002: HK\$2,307 million), representing an increase of 32% or HK\$739 million over the previous year. Gearing, measured by net bank borrowings as a percentage of shareholders’ equity, increased from 74% (restated) last year to 89% this year. The increase in bank borrowings and the rise in gearing ratio were, to a large extent, caused by the additional loans drawn down to finance the development of projects in Beijing and Tianjin, and the replenishment of landbank in Shanghai. Reliance on bank loan financing will continue to persist as the Group is in the middle of a rapid expansion phase. Nonetheless, as sales of the developed projects progress, the Group’s gearing ratio is expected to gradually decline.

Gearing ratios above, to some extent, were affected by the first time adoption of SSAP12.

Approximately 98% of Group’s bank borrowings was denominated in Renminbi with fixed interest rates and 2% of the Group’s bank borrowings was denominated in United States dollars with floating interest rate.

The Group’s bank borrowings as at 31st December, 2003 were all secured with a repayment profile set out below:–

<i>HKS million</i>	As at 31st December, 2003	As at 31st December, 2002
Within 1 year	<b>1,384</b>	1,485
After 1 year but within 2 years	<b>1,550</b>	340
After 2 years but within 3 years	<b>112</b>	482
Total bank borrowings	<b>3,046</b>	2,307
Less: Bank deposits and cash	<b>(660)</b>	(489)
Net bank borrowings	<b>2,386</b>	1,818

As at 31st December, 2003, the Group had banking facilities of approximately HK\$3,046 million (2002: HK\$2,307 million) for short-term and long-term bank loans, which were fully utilized.

#### Charges on Assets

As at 31st December, 2003, certain assets of the Group with an aggregate carrying value of HK\$2,738 million (2002:HK\$2,347 million) were pledged with banks for loan facilities used by subsidiaries, a jointly controlled entity and related companies.

#### Contingent liabilities

As at 31st December, 2003, the Group provided guarantees to banks for:–

	2003 <i>HKS million</i>	2002 <i>HKS million</i>
- mortgage facilities granted to buyers of the Group’s properties	<b>1,861</b>	1,323
- loans borrowed by a jointly controlled entity	<b>94</b>	85
- loans borrowed by related companies	<b>86</b>	107
- loans borrowed by an associate	–	9
	<b>2,041</b>	1,524

#### Capital commitments

The Group’s capital commitments in respect of land and property construction costs and capital contribution to a jointly controlled entity, which were authorized and contracted for, amounted to HK\$2,431 million at 31st December, 2003 (2002: HK\$4,137 million). With the continuous cash inflow from property sales and the committed banking facilities coupled with the cash in hand, the Group is in an adequate liquidity position to meet these on-going capital commitments by stages.

#### Treasury policies and capital structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

## FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi. The Group experienced no significant foreign exchange movement and the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollars and Renminbi in the foreseeable future.

## EMPLOYEES

As at 31st December, 2003 the Group, excluding its associate and jointly controlled entity, employed a total of 2,859 (2002: 2,670) staff, the great majority of which were employed in mainland China. Employees’ costs (including Directors’ emoluments) amounted to HK\$119 million (2002: HK\$91 million).

The Group continued to structure remuneration packages for employees with reference to pay trends, market conditions and individual performances. Training and development programmes were provided on an ongoing basis. On 4th November, 2002, the Company adopted a new share option scheme, which is in compliance with Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). On the same day, the old share option scheme adopted by the Company on 4th April, 1998 (“Old Scheme”) was terminated. Since its adoption, 7 million option shares were granted under the Old Scheme. All options granted under the Old Scheme prior to its termination continue to be valid and exercisable in accordance with the Old Scheme whose provisions remain enforceable to the extent necessary to give effect to the exercise of such options.

## CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice (the “Code”) as set out in Appendix 14 to the Listing Rules at any time during the year ended 31st December, 2003, except that the independent Non-executive Directors of the Company are not appointed for specific terms. However, all Directors except the Chairman and the Managing Director are subject to retirement by rotation at annual general meetings of the Company in accordance with the Company’s Bye-laws. In the opinion of the Directors, this meets the objective of the Code.

## PURCHASE, REDEMPTION AND SALE OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the year ended 31st December, 2003.

## AUDIT COMMITTEE

The Company’s audit committee is composed of all the three independent Non-executive Directors of the Company. The audit committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited consolidated accounts for the year ended 31st December, 2003 with the Directors.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 18th May, 2004 to Monday, 24th May, 2004, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:00 p.m. on Monday, 17th May, 2004.

## PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT

A detailed results announcement containing all the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on The Stock Exchange of Hong Kong Limited’s website in due course.

## DIRECTORS

As at the date of this announcement, the Board of Directors of the Company is composed of six Executive Directors, namely Mr. Chu Mang Yee (Chairman), Mr. Xiang Bin (Deputy Chairman), Mr. Au Wai Kin, Mr. Chen Chang Ying, Mr. Cheung Fong Wing and Ms. Xiao Yan Xia and three independent Non-Executive Directors, namely Mr. Yuen Pak Yiu, Philip, Mr. Lee Tsung Hei, David and Mr. Wong Shing Kay, Oliver.

By order of the Board  
**Chu Mang Yee**  
*Chairman*

Hong Kong, 21st April, 2004