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Consolidated Profit and Loss Account

For the six months ended 30th June 2003

		Unaudited	
		For the six months	
		ended 30th June	
	<i>Note</i>	2003	2002
		HK\$'000	HK\$'000
			<i>(Restated)</i>
Turnover	2	99,077	100,164
Cost of sales		(25,717)	(23,075)
Gross profit		73,360	77,089
Administrative expenses		(24,254)	(24,408)
Other operating expenses (net)		(14,384)	(16,836)
Operating profit	3	34,722	35,845
Finance costs	4	(10,224)	(11,170)
Profit before taxation		24,498	24,675
Taxation	5	(7,743)	(4,851)
Profit after taxation		16,755	19,824
Minority interests		(1,373)	(1,368)
Profit attributable to shareholders		15,382	18,456
Interim dividend	6	12,945	17,260
Interim dividend per share	6	HK4.5 cents	HK6.0 cents
Earnings per share	7	HK5.3 cents	HK6.4 cents

Consolidated Balance Sheet

As at 30th June 2003

	<i>Note</i>	Unaudited As at 30th June 2003 HK\$'000	Audited As at 31st December 2002 HK\$'000 (Restated)
Non-current assets			
Goodwill	8	4,035	4,843
Fixed assets	9	2,183,056	2,263,710
Deferred tax assets	14	324	469
Investment securities		32,923	32,923
		<u>2,220,338</u>	<u>2,301,945</u>
Current assets			
Land and buildings for resale, at cost		114,199	113,799
Inventories, at cost		11,342	10,163
Debtors and prepayments	10	17,579	27,672
Tax recoverable		46	144
Bank balances and cash		39,979	44,816
		<u>183,145</u>	<u>196,594</u>
Current liabilities			
Rental and other deposits		26,734	27,925
Creditors and accruals	11	32,730	32,088
Tax payable		7,312	5,078
Short term bank loans – secured	12	55,000	56,000
Bank overdrafts – secured	12	3,898	6,443
Current portion of long term bank loans – secured	13	28,919	29,277
		<u>154,593</u>	<u>156,811</u>
Net current assets		<u>28,552</u>	<u>39,783</u>

Consolidated Balance Sheet (Continued)

As at 30th June 2003

		Unaudited As at 30th June 2003 HK\$'000	Audited As at 31st December 2002 HK\$'000 (Restated)
	Note		
Total assets less current liabilities		2,248,890	2,341,728
Non-current liabilities			
Long term bank loans – secured	13	(391,216)	(405,080)
Deferred tax liabilities	14	(35,922)	(31,998)
Minority interests		(78,605)	(79,075)
Deferred gain		(15,266)	(15,266)
Net assets		<u>1,727,881</u>	<u>1,810,309</u>
Capital and reserves			
Share capital	15	287,670	287,670
Reserves		1,427,266	1,508,256
2002 proposed final dividend		—	14,383
2003 proposed interim dividend		12,945	—
Shareholders' funds		<u>1,727,881</u>	<u>1,810,309</u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June 2003

	Unaudited	
	For the six months	
	ended 30th June	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	32,573	19,982
Net cash outflow from investing activities	(4,277)	(3,517)
Net cash outflow from financing activities	(31,023)	(21,559)
Decrease in cash and cash equivalents	(2,727)	(5,094)
Cash and cash equivalents at 1st January	30,965	39,355
Cash and cash equivalents at 30th June	28,238	34,261
Analysis of the balances of cash and cash equivalents		
Bank balances and cash		
Total balances	39,979	48,957
Balance held in trust	(7,843)	(8,167)
	32,136	40,790
Bank overdrafts – secured	(3,898)	(6,529)
	28,238	34,261

Consolidated Statement of Changes in Equity

For the six months ended 30th June 2003

	Unaudited					
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Investment properties revaluation reserves <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January 2003, as previously reported	287,670	129,652	897,393	6,939	520,184	1,841,838
Change in accounting policy – provision for net deferred tax liabilities (<i>note 14</i>)	—	—	—	—	(31,529)	(31,529)
At 1st January 2003, as restated	287,670	129,652	897,393	6,939	488,655	1,810,309
Net deficit on revaluation of investment properties less minority interests' share	—	—	(83,426)	—	—	(83,426)
Profit for the period	—	—	—	—	15,382	15,382
2002 final dividend paid	—	—	—	—	(14,384)	(14,384)
At 30th June 2003	<u>287,670</u>	<u>129,652</u>	<u>813,967</u>	<u>6,939</u>	<u>489,653</u>	<u>1,727,881</u>
Representing:						
Retained profits					476,708	
2003 proposed interim dividend					<u>12,945</u>	
					<u>489,653</u>	

Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30th June 2003

	Unaudited					
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Investment properties revaluation reserves <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January 2002, as previously reported	287,670	129,652	1,030,826	6,939	506,084	1,961,171
Change in accounting policy						
– provision for net deferred tax liabilities (<i>note 14</i>)	—	—	—	—	(28,761)	(28,761)
At 1st January 2002, as restated	287,670	129,652	1,030,826	6,939	477,323	1,932,410
Net deficit on revaluation of investment properties less minority interests' shares	—	—	(93,106)	—	—	(93,106)
Profit for the period	—	—	—	—	18,456	18,456
2001 final dividend paid	—	—	—	—	(20,137)	(20,137)
At 30th June 2002	<u>287,670</u>	<u>129,652</u>	<u>937,720</u>	<u>6,939</u>	<u>475,642</u>	<u>1,837,623</u>
Representing:						
Retained profits					458,382	
2002 proposed interim dividend					<u>17,260</u>	
					<u>475,642</u>	

1. Basis of preparation and accounting policies

These unaudited condensed consolidated accounts are prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants (the "HKSA"), and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These condensed accounts should be read in conjunction with the 2002 annual report.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st December 2002 except that the Group has changed its accounting policy to account for deferred taxation following its adoption of the new SSAP 12 "Income taxes" issued by the HKSA which is effective for accounting periods commencing on or after 1st January 2003.

The effect of adopting this new policy is set out below:

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. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

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.

In prior year, deferred taxation was accounted for at the current taxation rate in respect of 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. The adoption of the new SSAP12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in the consolidated statement of changes in equity, opening retained profits at 1st January 2002 and 2003 have been reduced by HK\$28,761,000 and HK\$31,529,000, respectively, which represent the unprovided net deferred tax liabilities. This change has resulted in an increase in deferred tax assets and deferred tax liabilities at 31st December 2002 by HK\$469,000 and HK\$31,998,000, respectively.

Notes to the Condensed Accounts (Continued)

2. Turnover, revenue and segment information

- (a) The Group is principally engaged in investment holding, property investment, property rental, property development, estate management and agency and distribution of golf related products. Revenues recognised during the period are as follows:

	For the six months ended 30th June	
	2003	2002
	HK\$'000	HK\$'000
Turnover		
Property rental	85,661	90,413
Property related services	4,905	4,905
Sales of golf related products	7,636	3,767
Others	875	1,079
	99,077	100,164

- (b) Operating lease arrangement

The Group leases out investment properties and land and buildings for resale under lease terms generally in the range of two to ten years.

The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	As at 30th June 2003 HK\$'000	As at 31st December 2002 HK\$'000
Not later than one year	132,348	138,505
Later than one year but not later than five years	136,709	133,752
Later than five years	7,989	6,561
	277,046	278,818

Notes to the Condensed Accounts (Continued)

2. Turnover, revenue and segment information (Continued)

- (c) An analysis of the Group's revenue and results for the period by business and geographical segments is as follows:

Primary reporting format – business segments

For the six months ended 30th June 2003					
	Property rental HK\$'000	Property related services HK\$'000	Sales of golf related products HK\$'000	Others HK\$'000	Group HK\$'000
Turnover					
Total revenue	85,661	6,568	7,636	875	100,740
Inter-segment revenue	—	(1,663)	—	—	(1,663)
External revenue	<u>85,661</u>	<u>4,905</u>	<u>7,636</u>	<u>875</u>	<u>99,077</u>
Segment results	<u>57,062</u>	<u>2,911</u>	<u>(1,872)</u>	<u>875</u>	<u>58,976</u>
Unallocated costs					<u>(24,254)</u>
Operating profit					34,722
Finance costs					<u>(10,224)</u>
Profit before taxation					24,498
Taxation					<u>(7,743)</u>
Profit after taxation					16,755
Minority interests					<u>(1,373)</u>
Profit attributable to shareholders					<u>15,382</u>

Notes to the Condensed Accounts (Continued)

2. Turnover, revenue and segment information (Continued)

Primary reporting format – business segments (Continued)

For the six months ended 30th June 2002					
	Property rental HK\$'000	Property related services HK\$'000	Sales of golf related products HK\$'000	Others HK\$'000	Group HK\$'000
Turnover					
Total revenue	90,413	6,552	3,767	1,079	101,811
Inter-segment revenue	—	(1,647)	—	—	(1,647)
External revenue	<u>90,413</u>	<u>4,905</u>	<u>3,767</u>	<u>1,079</u>	<u>100,164</u>
Segment results	<u>60,618</u>	<u>2,692</u>	<u>(1,636)</u>	<u>(1,421)</u>	60,253
Unallocated costs					(24,408)
Operating profit					35,845
Finance costs					(11,170)
Profit before taxation					24,675
Taxation					(4,851)
Profit after taxation					19,824
Minority interests					(1,368)
Profit attributable to shareholders					<u>18,456</u>

Secondary reporting format – geographical segments

For the six months ended 30th June				
	Turnover		Segment results	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Hong Kong	65,244	65,493	46,399	42,276
North America	33,833	34,671	12,577	17,977
	<u>99,077</u>	<u>100,164</u>	<u>58,976</u>	<u>60,253</u>

There are no sales between the geographical segment.

Notes to the Condensed Accounts (Continued)

3. Operating profit

Operating profit is stated after crediting and charging the following:

	For the six months ended 30th June	
	2003	2002
	HK\$'000	HK\$'000
Crediting:		
Gross rental income		
– investment properties	76,377	80,627
– land and buildings for resale	9,284	9,786
Dividend from listed investments	661	669
Gain on disposal of other fixed assets	89	—
Interest income	213	338
Charging:		
Amortisation of goodwill	808	808
Cost of goods sold	4,518	2,147
Depreciation	2,800	2,663
Loss on disposal of other fixed assets	—	35
Operating lease rental for land and buildings	1,096	539
Outgoings in respect of		
– investment properties	16,259	16,330
– land and buildings for resale	2,101	1,798
Provisions for doubtful debts	77	2,527
Staff costs (including directors' emoluments and retirement benefit costs)	20,545	21,385

Notes to the Condensed Accounts (Continued)

4. Finance costs

	For the six months ended 30th June	
	2003	2002
	HK\$'000	HK\$'000
Interest expense		
– bank loans and overdrafts wholly repayable within five years	9,061	9,682
– bank loans not wholly repayable within five years	1,127	1,614
Other incidental borrowing costs	490	437
	10,678	11,733
Amount capitalised in properties under development	(454)	(563)
	10,224	11,170

5. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the period. In 2003, the government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004. No overseas taxation has been provided as there is no estimated taxable profit of the overseas subsidiaries for the period (2002: HK\$Nil).

The amount of taxation charged to the consolidated profit and loss account represents:

	For the six months ended 30th June	
	2003	2002
	HK\$'000	HK\$'000
Current taxation		
– Hong Kong profits tax	3,674	3,467
Deferred taxation relating to the origination and reversal of temporary differences	1,113	1,384
Deferred taxation resulting from an increase in tax rate	2,956	—
	7,743	4,851

Notes to the Condensed Accounts (Continued)

5. Taxation (Continued)

A subsidiary company has been enquired by the Inland Revenue Department in Hong Kong concerning the taxability of profits arising from its sale of certain properties in 1997. The potential additional tax liability is estimated to be approximately HK\$29.8 million. The directors consider that the profit arising from sales of these properties is capital in nature and not subject to profits tax. Hence, no provision for this potential liability has been made in the accounts.

6. Interim dividend

	For the six months ended 30th June	
	2003	2002
	HK\$'000	HK\$'000
Interim dividend, proposed, of HK4.5 cents (2002: HK6.0 cents) per ordinary share	12,945	17,260

At a meeting held on 10th September 2003 the directors declared an interim dividend of HK4.5 cents per share for the year ending 31st December 2003. This proposed dividend is not reflected as a dividend payable in these condensed accounts, but will be reflected as an appropriation of retained profits for the year ending 31st December 2003.

7. Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of HK\$ 15,382,000 (2002: HK\$18,456,000) and on 287,669,676 (2002: 287,669,676) ordinary shares in issue during the period.

8. Goodwill

	<i>HK\$'000</i>
Net book value	
At 1st January 2003	4,843
Amortisation charge for the period	(808)
At 30th June 2003	4,035

Notes to the Condensed Accounts (Continued)

9. Fixed assets

	Leasehold land and buildings in Hong Kong			Overseas freehold land and buildings	Other fixed assets	Total
	Investment properties <i>HK\$'000</i>	Properties under development <i>HK\$'000</i>	Other properties <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net book value or valuation						
At 1st January 2003	1,576,110	244,966	78,953	343,200	20,481	2,263,710
Additions	14	4,646	151	363	2,086	7,260
Depreciation charge for the period	—	—	(1,154)	—	(1,646)	(2,800)
Disposals	—	—	—	—	(772)	(772)
Revaluation deficit	(73,839)	—	—	(10,503)	—	(84,342)
At 30th June 2003	<u>1,502,285</u>	<u>249,612</u>	<u>77,950</u>	<u>333,060</u>	<u>20,149</u>	<u>2,183,056</u>

10. Debtors and prepayments

Included in debtors and prepayments are trade debtors and their ageing analysis is as follows:

	As at 30th June 2003 <i>HK\$'000</i>	As at 31st December 2002 <i>HK\$'000</i>
Current	4,219	11,750
31-60 days	250	701
61-90 days	194	669
Over 90 days	98	283
	<u>4,761</u>	<u>13,403</u>

The trade debtors represent rental and management fee receivables and receivables on sales of golf related products. Sales are made on open account terms and the Group normally does not grant credit period to trade debtors.

Notes to the Condensed Accounts (Continued)

11. Creditors and accruals

Included in creditors and accruals are trade creditors and their ageing analysis is as follows:

	As at 30th June 2003 HK\$'000	As at 31st December 2002 HK\$'000
Current	2,032	1,501
31-60 days	168	105
61-90 days	22	—
Over 90 days	724	1,237
	<u>2,946</u>	<u>2,843</u>

12. Short term bank loans and bank overdrafts – secured

Short term bank loans and bank overdrafts of the Group are secured by certain investment properties and rental income thereon.

13. Long term bank loans – secured

	As at 30th June 2003 HK\$'000	As at 31st December 2002 HK\$'000
Bank loans		
– wholly repayable within five years	330,885	339,857
– not wholly repayable within five years	89,250	94,500
	<u>420,135</u>	<u>434,357</u>
Amount due within one year included under current liabilities	(28,919)	(29,277)
	<u>391,216</u>	<u>405,080</u>

Notes to the Condensed Accounts (Continued)

13. Long term bank loans - secured (Continued)

The maturity of the Group's long term bank loans is as follows:

	As at 30th June 2003 HK\$'000	As at 31st December 2002 HK\$'000
Within one year	28,919	29,277
In the second year	215,966	213,580
In the third to fifth years inclusive	154,000	161,500
After the fifth year	21,250	30,000
	420,135	434,357

The Group's long term bank loans are secured on certain properties and rental income thereon.

14. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2002:16%).

The movement on the net deferred tax liabilities is as follows:

	Six months ended 30th June 2003 HK\$'000	Year ended 31st December 2002 HK\$'000
At the beginning of the period/year	(31,529)	(28,761)
Charged to profit and loss account	(4,069)	(2,768)
At the end of the period/year	(35,598)	(31,529)

Notes to the Condensed Accounts (Continued)

14. Deferred taxation (Continued)

Representing:

	As at 30th June 2003 <i>HK\$'000</i>	As at 31st December 2002 <i>HK\$'000</i>
Deferred tax assets	324	469
Deferred tax liabilities	(35,922)	(31,998)
	(35,598)	(31,529)

15. Share capital

	As at 30th June 2003 <i>HK\$'000</i>	As at 31st December 2002 <i>HK\$'000</i>
Authorised:		
400,000,000 ordinary shares of HK\$1 each	400,000	400,000
	400,000	400,000
Issued and fully paid:		
287,669,676 ordinary shares of HK\$1 each	287,670	287,670
	287,670	287,670

Notes to the Condensed Accounts (Continued)

16. Commitments

(a) Capital commitments for fixed assets

	As at 30th June 2003 <i>HK\$'000</i>	As at 31st December 2002 <i>HK\$'000</i>
Contracted but not provided for		
– properties under development	12,819	16,046
– other fixed assets	1,064	—
	13,883	16,046
	13,883	16,046

(b) Commitments under operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30th June 2003 <i>HK\$'000</i>	As at 31st December 2002 <i>HK\$'000</i>
Land and buildings		
Not later than one year	1,432	1,975
Later than one year but not later than five years	3,868	4,313
	5,300	6,288
	5,300	6,288

Interim Dividend and Record Date

The Board of Directors has resolved to declare an interim dividend of HK4.5 cents (2002: HK6.0 cents) per share, payable on 8th October 2003 to shareholders whose names standing on the register of members at the close of business on 30th September 2003 (the “Record Date”). In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 30th September 2003.

Management Discussion and Analysis

a) Business Review and Prospects

For the first half of 2003, the Group achieved a profit before taxation of HK\$24.5 million as compared to HK\$24.7 million for the same period last year. The contribution from property rental for the current period dropped by HK\$3.6 million as compared to the same period last year. The drop for the period was however compensated by a reduction in loss from other operations of HK\$2.3 million together with a drop in the finance cost of HK\$0.95 million.

In Hong Kong, the rental income remained steady at HK\$60 million for the first half of 2003 as nearly full occupancy on all properties, except for commercial properties, was maintained. The rental income for the second half of 2003 will continue to subside slightly.

The property occupancy rates of Montgomery Plaza in USA, dropped slightly from 90% to 86% from the year-end 2002 to mid-year 2003. The rental income from Montgomery Plaza therefore decreased by HK\$4.5 million as compared to the same period last year. Although there are signs that the office market in USA is near the bottom, there will be a further drop in the rental income of Montgomery Plaza for the second half of 2003.

b) The Group’s liquidity and financial resources

During the relevant period, the Group’s total bank borrowings decreased by HK\$18 million to HK\$479 million. The shareholders’ funds decreased by HK\$82 million to HK\$1,728 million and long term bank loans outstanding as at 30th June 2003 amounted HK\$420 million (at 31st December 2002: HK\$434 million). The debt to equity ratio was 28% (at 31st December 2002: 27%). The banking facilities available are sufficient for the Group’s working capital. The Group’s financial flexibility remains healthy.

Management Discussion and Analysis (Continued)

c) Capital structure of the Group

The capital structure of the Group had not changed materially from the last annual report. The Group borrowings are primarily denominated in Hong Kong and United States dollars. The Group therefore has no significant exposure to foreign exchange fluctuation.

The maturity of the Group's long term bank loans is as follows:

	As at 30th June 2003 HK\$'000	As at 31 December 2002 HK\$'000
Within one year	28,919	29,277
In the second year	215,966	213,580
In the third to fifth years inclusive	154,000	161,500
After the fifth year	21,250	30,000
	420,135	434,357

The Group's total bank borrowings are secured by certain properties with an aggregate net book value of HK\$1,479 million (at 31st December 2002: HK\$1,537 million) and rental income thereon.

d) Significant investment held and their performance and future prospects

The foundation work of the prime residential property at No. 1 Barker Road, The Peak, Hong Kong, will be finished by this year end. The development is expected to be completed in 2004.

The turnover received from the trading of golf digital video equipment and training software, was double to HK\$7.6 million as compared to HK\$3.8 million in the same period last year. However, there was an operating loss of HK\$1.9 million for the first half of 2003. The operation of this line of business is under review.

e) Details of number and remuneration of employees

Including the directors of the Group as at 30 June 2003, the Group employed a total of 180 full-time employees. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

Directors' and Chief Executives' Interests in Shares

At 30th June 2003, the interests and short positions of each directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

Ordinary shares of HK\$1 each

	Capacity			Total	Percentage
	Beneficial interests (Personal)	Corporate interests	Joint interests		
		(note (a) & (b))	(note (c))		
Directors:					
William Ma Ching Wai	3,644,013	158,246,458	38,115	161,928,586	56.2898%
Alfred Ma Ching Kuen	57,200	—	—	57,200	0.0199%
Amy Ma Ching Sau	20,570	—	—	20,570	0.0072%
Katy Ma Ching Man	97,767	—	—	97,767	0.0340%
Ruth Ma Ching Keung	2,772	—	—	2,772	0.0010%
Patrick Ma Ching Hang	261	8,732,013	38,115	8,770,389	3.0488%
Ida Ma Ching Kwai	19,712	—	—	19,712	0.0069%
Philip Ma Ching Yeung	3,157,522	—	—	3,157,522	1.0976%
Edward Cheung Wing Yui	—	—	—	—	—
Kevin Chau Kwok Fun	—	—	—	—	—
Chief Executive:					
Ted Mok Tat Hung	—	—	—	—	—

Notes:

- (a) Kam Chan & Company, Limited and its associates, and Holston Investment Limited directly or indirectly owned 137,108,221 and 21,138,237 ordinary shares in the Company respectively. Mr. William Ma Ching Wai is a substantial shareholder of these companies.
- (b) Tai Sang International Limited directly owned 8,732,013 ordinary shares in the Company. Mr. Patrick Ma Ching Hang is a substantial shareholder of this company.
- (c) Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly held 38,115 ordinary shares in the Company.
- (d) Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the issued share capital of a subsidiary company, Tai Sang Cold Storage & Godown Company Limited.

Directors' and Chief Executives' Interests in Shares *(Continued)*

- (e) Mr. William Ma Ching Wai indirectly held beneficially interest in 150,000 shares in the issued share capital of a subsidiary company, GYB Properties, Inc.
- (f) Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly beneficially held 47 shares (or 0.94%), and Mr. Alfred Ma Ching Kuen and Ms. Ida Ma Ching Kwai each beneficially held 23 shares (or 0.46%) in the issued share capital of a subsidiary company, Kam Hang Company Limited.
- (g) In addition, certain directors of the Company held non-beneficial interests in subsidiary companies in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.
- (h) Other than as stated above, no director and chief executive of the Company had any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations.
- (i) At no time during the period was the Company or any of its subsidiary companies a party to any arrangements to enable the directors and the chief executives of the Company (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporations.

Substantial Shareholders

At 30th June 2003, the interests and short positions of substantial shareholders in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 336 of the SFO or as notified to the Company were as follows:

Ordinary shares of HK\$1 each

	Capacity		Total	Percentage
	Beneficial owner	Corporate interests		
		(note)		
Substantial Shareholders:				
Kam Chan & Company, Limited	112,248,758	24,859,463	137,108,221	47.6617%
Holston Investment Limited	21,138,237	—	21,138,237	7.3481%
Gold Fortune Investment Co. Ltd	15,488,636	—	15,488,636	5.3842%

All interests stated above represent long positions

Note: Gold Fortune Investment Co. Ltd, Suremark Limited (beneficially interested in 3,964,405 shares in the Company) and Montgomery Securities Limited (beneficially interested in 5,406,422 shares in the Company) are the wholly owned subsidiary companies of Kam Chan & Company, Limited, the aggregate shareholdings of these three companies were deemed to be the corporate interests of Kam Chan & Company, Limited in the ordinary shares in the Company.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's issued shares during the period.

Compliance with the Code of Best Practice

Throughout the period, the Company was in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except as detailed below.

The independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at Annual General Meeting of the Company in accordance with the Company's Articles of Association.

Audit Committee

Mr. Edward Cheung Wing Yui and Mr. Kevin Chau Kwok Fun, both of whom are independent non-executive directors, have been appointed as committee members of the Audit Committee which was established on 9th April 1999. The Audit Committee has reviewed the unaudited interim financial report of the Company for the six months ended 30th June 2003.

On behalf of the Board

William Ma Ching Wai
Chairman

Hong Kong, 10th September 2003