HUNG HING PRINTING GROUP LIMITED

鴻 興 印 刷 集 團 有 限 公 司

INTERIM REPORT 2004/2005 中期報告

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INTERIM RESULTS

The directors of Hung Hing Printing Group Limited ("the Company") are pleased to announce the unaudited 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

		For the six months ended 30 September	
		2004	2003
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
TURNOVER		**1,207,326**	1,118,245
Cost of sales		**(897,591)**	(805,275)
Gross profit		**309,735**	312,970
Other revenue and gains		**23,124**	9,140
Distribution costs		**(36,781)**	(29,516)
Administrative and selling expenses		**(96,961)**	(84,674)
Other operating expenses		**(406)**	(271)
PROFIT FROM OPERATING ACTIVITIES	3	**198,711**	207,649
Finance costs	4	**(3,479)**	(2,978)
Share of profits and losses of associates		**3,710**	3,264
PROFIT BEFORE TAX		**198,942**	207,935
Tax	5	**(33,159)**	(34,657)
PROFIT BEFORE MINORITY INTERESTS		**165,783**	173,278
Minority interests		**(8,999)**	(9,120)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**156,784**	164,158
INTERIM DIVIDEND	6	**54,341**	54,341
EARNINGS PER SHARE			
Basic	7	**27.4 cents**	28.7 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 September 2004 (Unaudited) HK$'000**	31 March 2004 (Audited) HK$'000
NON-CURRENT ASSETS			
Fixed assets	8	**1,037,399**	957,329
Long term investments		**6,632**	6,825
Properties under construction	9	**45,615**	41,291
Interests in associates		**133,247**	137,557
Deferred tax assets		**2,397**	2,387
		1,225,290	1,145,389
CURRENT ASSETS			
Due from associates		**57,656**	58,139
Inventories		**397,377**	400,998
Accounts receivable	10	**644,792**	407,144
Prepayments, deposits and other receivables		**45,622**	27,842
Cash and cash equivalents	11	**298,654**	437,375
		1,444,101	1,331,498
CURRENT LIABILITIES			
Accounts payable	12	**88,992**	87,174
Tax payable		**50,558**	43,769
Other payables and accrued liabilities		**95,130**	97,092
Interest-bearing bank loans		**186,991**	110,887
		421,671	338,922
NET CURRENT ASSETS		**1,022,430**	992,576
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,247,720**	2,137,965
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**300,000**	230,000
Deferred tax liabilities		**17,944**	16,628
		317,944	246,628
MINORITY INTERESTS		**147,534**	151,478
		1,782,242	1,739,859
CAPITAL AND RESERVES			
Issued capital		**57,200**	57,200
Reserves		**1,670,701**	1,568,258
Proposed dividend		**54,341**	114,401
		1,782,242	1,739,859

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended 30 September 2004 (Unaudited)						
	Issued share capital HK$'000	**Share premium account HK$'000**	**Capital redemption reserve HK$'000**	**Capital reserve HK$'000**	**Legal reserves HK$'000**	**Retained profits HK$'000**	**Total HK$'000**
At 1 April 2004	**57,200**	**590,690**	**966**	**104,289**	**58,752**	**813,561**	**1,625,458**
Net profit attributable to shareholders	**—**	**—**	**—**	**—**	**—**	**156,784**	**156,784**
Interim dividend	**—**	**—**	**—**	**—**	**—**	**(54,341)**	**(54,341)**
At 30 September 2004	**57,200**	**590,690**	**966**	**104,289**	**58,752**	**916,004**	**1,727,901**

	For the six months ended 30 September 2003 (Unaudited)						
	Issued share capital HK$'000	Share premium account HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Legal reserves HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2003	57,200	590,690	966	104,289	57,366	715,818	1,526,329
Net profit attributable to shareholders	—	—	—	—	—	164,158	164,158
Interim dividend	—	—	—	—	—	(54,341)	(54,341)
At 30 September 2003	57,200	590,690	966	104,289	57,366	825,635	1,636,146

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
NET CASH INFLOW/(OUTFLOW) FROM:		
OPERATING ACTIVITIES	**(34,873)**	53,348
INVESTING ACTIVITIES	**(111,970)**	(104,007)
FINANCING ACTIVITIES	**8,122**	(102,916)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(138,721)**	(153,575)
Cash and cash equivalents at beginning of period	**437,375**	384,825
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**298,654**	231,250
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**100,755**	83,497
Time deposits with original maturity of less than three months when acquired	**197,899**	147,753
	298,654	231,250

For the purpose of the condensed consolidated cash flow statement, cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

These interim financial statements are unaudited and have been prepared in accordance with the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with Statements of Standard Accounting Practice ("SSAPs") 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation adopted are consistent with those followed in the Group's most recent published annual financial statements for the year ended 31 March 2004.

2. Segment Information

Business segments

The principal activities of the Group consisted of the printing and manufacturing of paper and carton boxes, the trading of paper and the manufacturing of corrugated cartons.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

An analysis by business segments is as follows:

	For the six months ended 30 September 2004			
	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers (Unaudited) HK'$000	Inter-segment sales (Unaudited) HK'$000	Total sales (Unaudited) HK'$000	(Unaudited) HK'$000
Paper and carton box printing and manufacturing	**806,692**	**2,168**	**808,860**	**157,116**
Paper trading	**122,487**	**309,385**	**431,872**	**15,034**
Corrugated carton manufacturing	**278,147**	**65,489**	**343,636**	**23,146**
Eliminations	**—**	**(377,042)**	**(377,042)**	**1,435**
	1,207,326	**—**	**1,207,326**	**196,731**
Interest, dividend income and other gains				**11,376**
Corporate and unallocated expenses				**(9,396)**
Profit from operating activities				**198,711**

2. Segment Information *(continued)*

Business segments *(continued)*

	For the six months ended 30 September 2003			
	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers	Inter-segment sales	Total sales	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK'$000	HK'$000	HK'$000	HK'$000
Paper and carton box printing and manufacturing	722,371	3,096	725,467	167,301
Paper trading	149,412	195,971	345,383	22,443
Corrugated carton manufacturing	246,462	49,798	296,260	21,817
Eliminations	—	(248,865)	(248,865)	1,340
	1,118,245	—	1,118,245	212,901
Interest, dividend income and other gains				5,039
Corporate and unallocated expenses				(10,291)
Profit from operating activities				207,649

Geographical segments

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

An analysis of segment revenue by geographical segments is as follows:

	For the six months ended 30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK'$000	HK'$000
Sales to external customers:		
Hong Kong	**572,115**	610,556
Mainland China	**285,912**	217,882
United States of America	**171,769**	157,554
Others	**177,530**	132,253
	1,207,326	1,118,245

3. Profit from Operating Activities

The Group's profit from operating activities is arrived at after charging or crediting the following items:

	For the six months ended 30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
After charging —		
Depreciation	**39,711**	33,446
Staff costs (including directors' remuneration)	**171,853**	143,592
Unrealised losses on listed equity investments	**193**	—
After crediting —		
Written back of provision for diminution on listed equity investments	**—**	451
Interest income	**4,814**	4,910

4. Finance Costs

	For the six months ended 30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans	**3,479**	2,978

5. Tax

Provision for Hong Kong profits tax has been made 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 have been calculated at the rates of tax prevailing in the countries in which the Group and the associates operate, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Group:		
Current — Hong Kong	**11,429**	14,888
— Mainland China	**19,919**	18,416
Deferred tax	**1,307**	820
	32,655	34,124
Share of tax attributable to associates:		
Mainland China	**504**	533
	33,159	34,657

6. Interim Dividend

	For the six months ended 30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interim dividend of HK9.5 cents (2003: HK9.5 cents) per ordinary share	**54,341**	54,341

7. Earnings per Share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the period of HK$156,784,000 (2003: HK$164,158,000) and the weighted average of 572,006,798 (2003: 572,006,798) shares in issue during the period.

Diluted earnings per share amounts for the periods ended 30 September 2004 and 2003 have not been presented as there were no dilutive potential ordinary shares in existence during these periods.

8. Fixed Assets

	30 September 2004 (Unaudited) HK$'000
Net book value at 1 April 2004	**957,329**
Additions	**86,470**
Transfer from properties under construction (note 9)	**33,921**
Disposals	**(610)**
Depreciation	**(39,711)**
Net book value at 30 September 2004	**1,037,399**

Certain leasehold land and buildings of the Group's subsidiaries with a total net book value of HK$53,941,000 (31 March 2004: HK$55,146,000) have been pledged to a bank to secure a short term banking facility.

9. Properties Under Construction

	30 September 2004 (Unaudited) HK$'000
Net book value at 1 April 2004	**41,291**
Additions	**38,245**
Transfer to fixed assets (note 8)	**(33,921)**
Net book value at 30 September 2004	**45,615**

The properties under construction are located in Mainland China.

10. Accounts Receivable

An aged analysis of accounts receivable at the balance sheet date, based on invoice date and net of provisions, is as follows:

	30 September 2004 (Unaudited) HK$'000	31 March 2004 (Audited) HK$'000
Within 30 days	**244,047**	162,752
Between 31 to 60 days	**162,761**	125,840
Between 61 to 90 days	**138,969**	43,836
Over 90 days	**99,015**	74,716
	644,792	407,144

The Group's trading terms with customers are mainly on credit. Invoices are normally payable between 30 to 90 days of issuance. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management.

11. Cash and Cash Equivalents

	30 September 2004 (Unaudited) HK$'000	31 March 2004 (Audited) HK$'000
Cash and bank balances	**100,755**	145,331
Time deposits	**197,899**	292,044
	298,654	437,375

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

12. Accounts Payable

An aged analysis of accounts payable at the balance sheet date, based on invoice date, is as follows:

	30 September 2004 (Unaudited) HK$'000	31 March 2004 (Audited) HK$'000
Within 30 days	**60,425**	54,952
Between 31 to 60 days	**23,579**	25,352
Between 61 to 90 days	**4,515**	2,263
Over 90 days	**473**	4,607
	88,992	87,174

13. Related Party Transactions

The Group had the following transactions with related parties during the period:

		For the six months ended 30 September	
		2004 (Unaudited) HK$'000	2003 (Unaudited) HK$'000
Sales to associates	(i)	**146,989**	102,365
Purchases from associates	(i)	**32,763**	48,883
Rentals paid to Perla City Investments Limited, a company beneficially owned by Mr. Yum Chak Ming, Matthew	(ii)	**240**	240
Rentals paid to Gaintek Holdings Limited, a company beneficially owned by Mr. Yam Hon Ming, Tommy	(ii)	**420**	420
Interest income received from associates	(iii)	**936**	961

(i) The sales to associates were carried out in the ordinary course of business of the Group according to the prices and conditions offered to regular customers of the Group, and the purchases from associates were carried out in the ordinary course of business of the Group according to the prices and conditions similar to those offered to regular customers of the suppliers.

(ii) The rentals paid to Perla City Investments Limited and Gaintek Holdings Limited were in connection with the housing benefits provided to Messrs. Yum Chak Ming, Matthew and Yam Hon Ming, Tommy, directors of the Company, respectively and were based on estimated open market rentals and have been included in the directors' remuneration.

(iii) The interest income from associates arose from the amount due from associates, arising in the ordinary course of business of the Group.

14. Contingent Liabilities and Commitments

	30 September 2004 (Unaudited) HK$'000	31 March 2004 (Audited) HK$'000
(a) Capital commitments contracted, but not provided for:		
Land and buildings	**29,407**	40,724
Plant and machinery	**86,752**	108,711
	116,159	149,435

	30 September 2004 (Unaudited) HK$'000	31 March 2004 (Audited) HK$'000
(b) Notional amounts of forward foreign exchange contracts:		
Buying of RMB	**49,631**	237,380
Buying of JPY	**620,000**	—
Buying of EURO	**—**	38,123
Buying of USD	**3,651**	134,395
Selling of RMB	**30,000**	405,032
Selling of USD	**6,000**	84,739

The unrealised gain on forward foreign exchange contracts at the balance sheet date has not been recorded as it is not material to the Group's financial statements.

	30 September 2004 (Unaudited) HK$'000	31 March 2004 (Audited) HK$'000
(c) Total future minimum lease payments under non-cancellable operating leases falling due as follows:		
Within one year	**3,153**	3,118
In the second to fifth years, inclusive	**6,016**	6,416
After five years	**49,847**	50,372
	59,016	59,906

15. Events After Balance Sheet Date

On 3 November 2004, the Group entered into an equity transfer contract to acquire an additional 30% interest of its two 35% owned associates in Zhongshan, which is subject to shareholders' approval and completion of certain conditions at a consideration of approximately HK$ 115,800,000.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continued to achieve steady growth in China as well as other overseas markets during the period under review.

During the six months ended 30 September 2004, the Group achieved a total turnover of HK$1,207 million, an increase of 8 per cent over the comparable period last year, with turnover increasing in its major business divisions. This increase was attributable to steady growth in the Group's geographic markets in mainland China, Europe and the US.

As a result of macro-economic factors such as adjustments in oil prices and a shortage of water in Southern China, the Group's operating efficiencies and cost of sales were impacted. Other factors including price pressure due to competition, and a start-up loss associated with the Wuxi plant contributed to increased cost of sales, leading to a decline of 4 per cent in the Group's profit from operating activities.

The Group's new facility at Wuxi became fully operational and the Group's printing plant at Shenzhen reached full capacity during the period under review. The Group invested in future growth by signing a contract for the purchase of a 3.5 million sq. ft. plot of land for building an additional facility in Heshan to supplement the Shenzhen facility. The first phase of the new facility is targeted for completion by mid-2005. The Group also signed an equity transfer contract to increase its stake in the two 35 per cent owned joint ventures in Zhongshan to reach an effective ownership of approximately 58.5 per cent of the associates.

The Group received a one-time tax refund of HK$6.9 million from the mainland Chinese government as a result of profits reinvested into its two Chinese subsidiaries in past years.

The Board of Directors has declared an interim dividend of HK$9.5 cents per share in cash with a script option for the current financial year.

Gaining share in China and export markets

The Group continued to derive benefits from the overall improvement of the global and mainland China economies, and specifically the strong currency in Europe, by increasing its revenues from these two regions.

China: The mainland Chinese economy continued to grow steadily, and the Group diversified its business by expanding its customer base. The Group's facilities in Wuxi, Zhongshan and Shenzhen have all been successful in securing revenue from new domestic customers. As a result, the Group achieved overall revenue growth of 31 per cent on the mainland. Increases in material costs and competition in the market continued to exert pressure on margins but the Group's strong reputation for quality, service and reliability enabled it to win share from its competitors during the period under review. The Group's Wuxi company opened a new marketing office in Shanghai to further improve its level of customer service and marketing to customers in mainland China.

Gaining share in China and export markets *(continued)*

The US: The Group continued to make steady progress in the US, especially for innovative children's books, to achieve a growth of 9 per cent in this market. The Group continued to work with strategic partners in the US to develop packaging programs for companies who are doing more outsourcing in China.

Europe: During the period under review the Group increased its revenues from the European Union countries by about 30 per cent. This growth was in part due to a strong Euro which resulted in increased order flows to mainland China, and enabled the Group to stay competitive on a cost basis. The Group also strengthened its marketing activities in the UK, Germany and Italy, with new contacts established in these key markets.

Paper and Carton Box Printing and Manufacturing

This division continued its trend of steady volume growth in both mainland China and overseas export markets to record an increase of 12 per cent in turnover. This growth was driven in part by orders from new customers.

The first half year saw a water shortage in Southern China, which resulted in a temporary decrease in operating efficiencies. The Group has acted to counter this by expanding production facilities, sourcing materials from cheaper locations and building additional facilities at Heshan, away from the core industrialized areas of Shenzhen. As worldwide oil prices stabilize, it is expected that this division's efficiency would improve.

The division recorded an increase in volume of 16 per cent over the same period last year and accounted for 67 per cent of the Group's turnover for the period. The division's contribution to the Group's profit from operating activities was the largest among the three key business divisions, at 80 per cent.

Paper Trading

This division was in a transitional stage during the period under review, with stock levels being built up in the Group's Shenzhen distribution and logistic facility, and the continued gradual reduction in stock levels in Hong Kong. Competition, combined with the impact of this transition on operation, led to a drop in external sales of this division of 18 per cent.

With the grant of an import permit in July 2004 for the Shenzhen facility, this division is expected to do increasing volume of business. The growing number of paper mills in mainland China created pricing pressure, and resulted in this division recording a contribution to the Group's profit of HK$15 million.

Corrugated Carton Manufacturing

This division recorded an increase in turnover of 16 per cent, largely driven by growth in volume of 12 per cent. This division successfully expanded its customer base during the period under review to achieve increased domestic sales in the mainland China market. The growth was driven by increased capacity in the Group's Shenzhen facility and aggressive marketing.

The Group is now further augmenting its capacity by installing a new corrugator at its Zhongshan facility. The corrugator is presently being installed and is expected to become operational by early 2005.

Associates

Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited
Zhongshan Ren Hing Paper Manufacturing Company Limited

Foreseeing increased demand for corrugated materials from the domestic China market and internal consumption within the Group, the Group entered into a contract, subject to shareholders' approval, to increase its stake in its two 35 per cent owned joint ventures in Zhongshan to effectively 58.8 per cent. The associates improved their profit contribution to the Group by 14 per cent as a result of increased demand in the domestic China market.

Liquidity and Capital Resources

Capital expenditure during the period amounted to HK$125 million, of which HK$42 million was spent on land and buildings and HK$83 million was spent on machinery and equipment.

To support our capacity expansion, we sought to arrange more term loan facilities. Of our total bank borrowings of HK$487 million as of 30 September 2004, HK$300 million was in long-term borrowings with a repayment schedule falling within two to five years.

To take advantage of the low interest rate environment in Hong Kong, most of our bank borrowings were in Hong Kong dollars. Of the total bank borrowings of HK$487 million, 95 per cent was in Hong Kong dollars and 5 per cent was in U.S. dollars.

With a higher level of borrowings, our interest expenses increased by 17 per cent to HK$3.5 million.

As of 30 September 2004, we had cash on hand of HK$299 million, of which HK$198 million was placed in short-term deposits primarily in U.S. dollars and RMB. Our cash position and available banking facilities are adequate to support our ongoing expansion plan.

Prospects

The Group expects the global economic environment to continue on its trend of steady growth, resulting in steady business performance for the remainder of the year.

During the period under review, many manufacturers in China were caught off-guard by the power and water supply problem and their operations have been disrupted. Rising oil and coal prices served to erode the profits of many factories, leading to a slowdown in business. However, these factors have served to benefit those who survived this period for the year ahead. The Group has planned for these developments by diversifying its production base geographically. The Group will continue to emphasize delivery of value-added services and build upon its reputation for quality and reliability while retaining cost controls.

The Group continues to invest in facilities for the future, with plans in place for a new facility in Heshan. The new corrugator in the Zhongshan facility is expected to commence operation in early 2005.

With the well-established trend of outsourcing to China combined with the continued recovery of the global economy, the Group is optimistic that its high quality and emphasis on end-to-end service will give it an advantage in capturing the opportunities of the future.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Interim Dividend

The directors have resolved to pay an interim dividend of HK9.5 cents (2003: HK9.5 cents) per share. The interim dividend will be payable in cash with a scrip alternative at shareholders' option. A circular containing the scrip dividend scheme together with the form of election will be sent to shareholders in due course. The scrip dividend scheme is conditional upon the grant of listing of and permission to deal in the new shares to be issued pursuant thereto by the Listing Committee of the Stock Exchange.

The interim dividend will be payable on 31 January 2005 to shareholders whose names appear on the Register of Members of the Company on 31 December 2004.

Closure of Register of Members

The Register of Members of the Company will be closed from 28 December 2004 to 31 December 2004, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tengis Limited of G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:30 p.m. on 24 December 2004.

Purchase, Redemption or Sale of Listed Securities of the Company

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

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of this unaudited condensed interim financial statements.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES *(continued)*

Directors' and Chief Executive's Interests in Shares and Short Positions in Shares and Underlying Shares

At 30 September 2004, the interests and short positions of the directors and chief executive in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to 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"), were as follows:

Long positions in ordinary shares of the Company:

		Number of shares held, capacity and nature of interests					
Name of director	Notes	**Directly beneficially owned**	**Through spouse or minor children**	**Through controlled corporation**	**Other**	**Total**	**Percentage of the Company's issued share capital**
Yam Cheong Hung	(a) & (b)	—	1,246,411	259,839,681	484,000	261,570,092	45.73
Yum Chak Ming, Matthew	(a)	8,081,834	—	259,839,681	—	267,921,515	46.84
Yam Ho Ming, Michael	(a)	—	—	259,839,681	—	259,839,681	45.43
Yam Hon Ming, Tommy	(a)	—	—	259,839,681	—	259,839,681	45.43
Yum Pui Ming, Anna	(a)	1,150,000	877,759	259,839,681	—	261,867,440	45.78

Notes:

(a) Yam Cheong Hung, Yum Chak Ming, Matthew, Yam Ho Ming, Michael, Yam Hon Ming, Tommy and Yum Pui Ming, Anna are beneficial shareholders of approximately 9.15%, 14.08%, 14.08%, 14.08%, and 9.86%, respectively, of the issued share capital of C.H. Yam International Limited, which directly holds 81,640,532 shares of the Company and indirectly holds 178,199,149 shares of the Company through its subsidiary, Hung Tai Industrial Company Limited.

(b) Yam Cheong Hung's spouse is a director of Oberon Worldwide Limited which holds 484,000 shares of the Company.

Save as disclosed above, none of the directors and chief executives had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES *(continued)*

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

At 30 September 2004, the following interest of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Notes	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued share capital**
C.H. Yam International Limited	(a)	Directly beneficially owned and through a controlled corporation	259,839,681	45.43
Hung Tai Industrial Company Limited		Directly beneficially owned	178,199,149	31.15
J.P. Morgan Chase & Co.	(b)	Through controlled corporations	50,800,000	8.88
The Capital Group Companies, Inc.	(c)	Through controlled corporations	56,776,751	9.93

Notes:

(a) There is a duplication of interests of 178,199,149 shares in the Company between C.H. Yam International Limited and Hung Tai Industrial Company Limited.

(b) J.P. Morgan Chase & Co. was deemed to have a beneficial interest in 50,800,000 shares of the Company by virtue of its indirect interests in J.P. Morgan Chase Bank, JF Asset Management Limited, JF Asset Management (Taiwan) Limited and JF International Management Inc., which holds 20,592,000, 24,918,000, 4,500,000 and 790,000 shares of the Company, respectively.

(c) The Capital Group Companies, Inc. was deemed to have a beneficial interest in 56,776,751 shares of the Company by virtue of its indirect interests in Capital Research and Management Company, Capital Guardian Trust Company and Capital International, Inc., which holds 45,749,000, 10,719,300 and 308,451 shares of the Company, respectively.

Save as disclosed above, no person, other than the directors and chief executive of the Company, whose interests are set out in section "Directors' and chief executive's interests in shares and short positions in shares and underlying shares" above, had registered an interest in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES *(continued)*

Code of Best Practice

In the opinion of the directors, the Company has complied with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Listing Rules of the Stock Exchange, throughout the accounting period covered by the interim financial statements, except that the non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's articles of association.

By Order of the Board
Yam Cheong Hung
Chairman

Hong Kong, 8 December 2004