

ARRANGEMENT FOR ACQUISITION OF SHARES OR DEBENTURES

Except for the share option scheme adopted by the Company, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2002, the substantial shareholders of the Company were CIHL Group which held 89,385,444 shares and Dr CHOW Yei Ching who held 61,036,489 shares, representing approximately 35.9% and 24.51% of the issued share capital of the Company respectively as recorded in the register of the Company required to be kept under Section 16(1) of the SDI Ordinance.

Save as disclosed above, none of the Directors is aware of any other person having an interest in shares, or right to subscribe for shares, equivalent to 10% or more of the issued share capital of the Company during the period.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th September, 2002, the Group employed approximately 140 full time staff in Hong Kong. Total staff costs amounted to approximately HK\$24.7 million for the period under review. The remuneration policies are reviewed periodically on the basis of the nature of job, market trend, company performance and individual performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes, retirement schemes and employees' share option scheme.

AUDIT COMMITTEE

The Audit Committee, which was established pursuant to the requirements of the Listing Rules, comprised Messrs SUN Kai Dah, George, TING Hok Shou, Dennis who retired on 20th September, 2002 and Dr DU Shue Chu who was appointed on 28th November, 2002, the Independent Non-Executive Directors of the Company. During the period, the Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of unaudited interim financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30th September, 2002.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the guidelines for the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the period from 1st April, 2002 to 30th September, 2002.

APPRECIATION

2002 has been a bumpy year for Hong Kong, during which the Group has been confronted with many challenges in both economic and political aspects. On behalf of the Board, I would like to take this opportunity to truly thank all staff for their concerted effort which has enabled the Group to move through these rough and difficult times smoothly.

By Order of the Board
CHOW Yei Ching
Chairman

Hong Kong, 16th December, 2002

website: <http://www.chevalier.com>