

DIRECTORS

The directors of the Company during the period and up to the date of this Interim Report are:

Executive directors:

Dr. Chan Kwok Keung, Charles
Dr. Yap, Allan
Mr. Chan Kwok Hung
Mr. Zhang Shi Chen (appointed on 16 October 2003)

Independent non-executive directors:

Mr. Ng Wai Hung (resigned on 15 October 2003)
Mr. Tsang Link Carl, Brian
Mr. Zhao Wenfu (appointed on 15 October 2003)

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2003, the interests and short positions of the directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies ("Model Code") were as follows:-

Name of director 董事姓名	Long position/ short position 好倉/淡倉	Nature of interest 權益性質	Number of shares held 所持股份數目	Approximate percentage of shareholding 股權概約百分比
Dr. Chan Kwok Keung, Charles 陳國強博士	Long position 好倉	Personal 個人	2,520,900	0.22%

Save as disclosed above, as at 30 September 2003, none of the directors or chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred therein; or which were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

董事

於期內及直至本中期報告日期，本公司的董事如下：

執行董事：

陳國強博士
Yap, Allan博士
陳國鴻先生
張世臣先生 (於二零零三年十月十六日獲委任)

獨立非執行董事：

吳偉雄先生 (於二零零三年十月十五日辭任)
曾令嘉先生
趙文富先生 (於二零零三年十月十五日獲委任)

董事之證券權益

於二零零三年九月三十日，本公司董事或主要行政人員持有本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中，或根據證券及期貨條例第352條規定記錄於須存置之登記冊中，或根據上市公司董事進行證券交易標準守則（「標準守則」）須知會本公司及香港聯交所之權益及淡倉如下：

除上文所披露外，於二零零三年九月三十日，本公司概無董事或主要行政人員持有本公司及其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中，或根據證券及期貨條例第352條規定記錄於所述之登記冊中，或根據標準守則須知會本公司及香港聯交所之任何權益及淡倉。

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 30 September 2003, the Company was not notified of any interests in the shares and underlying shares of the Company according to its register of substantial shareholders kept under section 336 of the SFO:-

Name of shareholder 股東名稱	Long position/ short position 好倉/淡倉	Nature of interest 權益性質	Number of shares held 所持股份數目	Approximate percentage (%) of shareholding 股權概約百分比
China Strategic Holdings Limited 中策集團有限公司	Long position 好倉	*Corporate *公司	500,000,000	43.06%
China Strategic (B.V.I.) Limited	Long position 好倉	*Corporate *公司	500,000,000	43.06%
Great Joint Profits Limited	Long position 好倉	*Corporate *公司	500,000,000	43.06%

*Note: The 500,000,000 shares are held by Great Joint Profits Limited, a wholly-owned subsidiary of China Strategic (B.V.I.) Limited which is in turn a wholly-owned subsidiary of China Strategic Holdings Limited. Both China Strategic (B.V.I.) Limited and China Strategic Holdings Limited are deemed to be interested in 500,000,000 shares in the Company held by Great Joint Profits Limited.

主要股東

除下文所披露者外，於二零零三年九月三十日，本公司並不知悉任何根據證券及期貨條例第336條所存置主要股東登記冊中錄得之本公司股份及相關股份權益：—

*附註：該500,000,000股股份由Great Joint Profits Limited (China Strategic (B.V.I.) Limited之全資附屬公司) 持有，而China Strategic (B.V.I.) Limited則為中策集團有限公司之全資附屬公司。因此，China Strategic (B.V.I.) Limited 和中策集團有限公司均被視為擁有Great Joint Profits Limited所擁有之500,000,000股本公司股份的權益。

As at 30 September 2003, no short positions in the shares and underlying shares of the Company were recorded in the register required to be kept under 336 of SFO.

於二零零三年九月三十日，並無任何須根據證券及期貨條例第336條所規定而登記之本公司股份及相關股份之淡倉。

CONVERTIBLE LOAN

As disclosed in the Annual Report 2003, an unsecured convertible loan of US\$12 million ("Convertible Loan") which is repayable on demand and carries interest at the rate of 9.8% per annum compounded annually for a term of six years was advanced by Simonson International Development Limited ("Simonson"), a wholly-owned subsidiary of ING Beijing Investment Company ("ING") and an independent third party, to Companion-China Limited, a wholly-owned subsidiary of the Company, in 1997. The Convertible Loan and the accrued interest thereon will, at the option of the convertible noteholder, be convertible into fully paid ordinary shares of the Company at a conversion price calculated at 90% of the average closing price of the shares of the Company quoted on the Hong Kong Stock Exchange for the twenty trading days immediately preceding the date of the notice under the terms and conditions of the convertible loan deed, details of which are set out in the circulars to the shareholders of the Company dated 13 May 1997 and 20 December 2000.

可換股貸款

如二零零三年年報所披露，於一九九七年，一項12,000,000美元無抵押可換股貸款（「可換股貸款」）須按要求償還，並附帶每年複合利率9.8厘，為期六年，由Simonson International Development Limited（「Simonson」）（ING北京投資有限公司（「ING」）之全資附屬公司，並為獨立第三方）墊支予友聯中國（為本公司之全資附屬公司）。該可換股貸款及此後之應計利息將（由可換股票據持有人選擇）以轉換價（按緊接根據可換股貸款契據條款及條件而刊發之通告日期前二十個交易日本公司股份於香港聯交所平均收市價之90%計算）轉換成已繳足本公司普通股。詳情載列於一九九七年五月十三日及二零零零年十二月二十日本公司寄發予股東之通函。

By an assignment executed on 18 February 2002, Simonson assigned to Perfect Master Limited ("PML"), a wholly-owned subsidiary of ING and an independent third party, the Convertible Loan and all related rights and interest. At the same date, the entire issued share capital of PML and the Convertible Loan were then sold to Galaxy Time Limited, a company held by New World Enterprise Holdings Limited. Details of which are set out in the announcement of the Company dated 18 February 2002.

The Group failed to repay certain part of the Convertible Loan, resulting in whole outstanding principal sum of approximately US\$11.9 million repayable on demand. The conversion option to convert the Convertible Loan and the accrued interest into fully paid ordinary shares of the Company lapsed on 25 June 2003 but all the other rights attaching to the Convertible Loan continue to subsist.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2003.

CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 30 September 2003, in compliance with the Code of Best Practice set out in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules") except that the non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-Laws of the Company.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of unaudited interim financial statements for the six months ended 30 September 2003.

根據於二零零二年二月十八日簽訂之轉讓書，Simonson已將該可換股貸款及所有相關權利及利息轉讓予Perfect Master Limited (「PML」) (ING之全資附屬公司，並為獨立第三方)。同日，PML全部已發行股本及該可換股貸款已出售予Galaxy Time Limited，一間由新世界實業控股有限公司持有之公司。詳情載列本公司於二零零二年二月十八日刊發之公佈。

由於本集團無法償還若干部分之可換股貸款，有關之尚未償還本金約11,900,000美元，須按要求償還。將可換股貸款及應計利息兌換為本公司繳足普通股之換股權已於二零零三年六月二十五日失效，惟可換股貸款所附帶之其他權利將繼續有效。

購買、贖回或出售上市證券

截至二零零三年九月三十日止六個月，本公司或其任何附屬公司概無購買、出售或贖回本公司之上市股份。

最佳應用守則

據董事所知，概無任何資料足以顯示本公司截至二零零三年九月三十日止六個月內，未有遵守香港聯交所證券上市規則 (「上市規則」) 附錄十四所載之最佳應用守則，惟非執行董事並非以特定任期委任，而是根據本公司細則於股東週年大會上輪值告退及膺選連任。

審核委員會

本公司之審核委員會已與管理層審閱本集團採納之會計原則及慣例，並討論核數及財務報告事宜，包括審閱截至二零零三年九月三十日止六個月之未經審核中期財務報表。

PRACTICE NOTE 19 OF THE LISTING RULES

Details of the advances to, and guarantees given for the benefits of, the Company's affiliated companies by the Group as at 30 September 2003 are as follows:

上市規則之第19項應用指引

有關本集團於二零零三年九月三十日為本公司聯屬公司給予之墊款或為其利益作出之擔保詳情如下：

Name of affiliated companies	Percentage of interest held by the Group %	Advances to affiliated companies HK'000	Allowance for amounts due from affiliated companies HK'000	Guarantees given for banking facilities granted to affiliated companies	Total (after allowance) HK'000
				HK'000	
聯屬公司名稱	本集團所持權益百分比	給予聯屬公司之墊款千港元	應收聯屬公司款項之撥備千港元	為提供予聯屬公司之銀行融資作出之擔保千港元	總計(經扣除撥備)千港元
Asean Fortune Corporation	Asean Fortune Corporation	50.00	56,626	(56,626)	–
Yixing United	宜興聯合	47.56	31,737	(31,737)	–
			88,363	(88,363)	–

Advances to the affiliated companies are interest free, unsecured and repayable on demand.

給予聯屬公司之墊款為免息、無抵押及須按要價償還。

The proforma combined balance sheet of the associates as at 30 September 2003, which includes the assets and liabilities of Asean Fortune Corporation and Yixing United is as follows:

於二零零三年九月三十日，聯營公司之備考合併資產負債表中，包括Asean Fortune Corporation及宜興聯合之資產及負債如下：

		Balance as at 30 September 2003 HK\$'000	The Company's attributable interest HK\$'000
		於二零零三年九月三十日之結餘千港元	本公司應佔權益千港元
Non-current assets	非流動資產	109,842	54,921
Current assets	流動資產	50,736	25,368
Current liabilities	流動負債	(181,753)	(90,877)
Net current liabilities	流動負債淨額	(131,017)	(65,509)
Non-current liabilities	非流動負債	–	–
Shareholders' funds	股東資金	(21,175)	(10,588)

PRACTICE NOTE 19 OF THE LISTING RULES (cont'd)

As disclosed in the Annual Report 2003, the Group failed to repay certain part of the Convertible Loan, resulting in the whole outstanding principal sum of approximately US\$11.9 million repayable on demand. The Convertible Loan was then acquired by Galaxy Time Limited, a company held by New World Enterprise Holdings Limited, details of which were disclosed in the announcement of the Company dated 18 February 2002. The conversion option to convert the Convertible Loan and the accrued interest into fully paid shares of the Company lapsed on 25 June 2003 but all the other rights attaching to the Convertible Loan continue to subsist.

APPRECIATION

I, on behalf of the Board, would like to extend my sincere thanks and appreciation to all our staff for their hard work and commitment and to our bankers, customers, suppliers and shareholders for their continued support.

On behalf of the Board

Dr. Chan Kwok Keung, Charles

Chairman

Hong Kong, 18 December 2003

上市規則之第19項應用指引 (續)

據二零零三年年報所披露，本集團未能償還可換股貸款之若干部分，產生未償還本金額共約11,900,000美元，須按要求償還。該項可換股貸款其後由Galaxy Time Limited (由新世界實業控股有限公司持有之公司) 收購，有關詳情在本公司於二零零二年二月十八日刊發之公佈內披露。將可換股貸款及應計利息兌換為本公司繳足股份之換股權於二零零三年六月二十五日失效，惟可換股貸款附帶之其他一切權利仍繼續生效。

致謝

本人謹此代表董事會對各員工之勤奮及表誠服務，以及各往來銀行、客戶、供應商及股東之不斷支持，致以衷心謝意。

代表董事會

主席

陳國強博士

香港，二零零三年十二月十八日