



蜆壳電器工業(集團)有限公司
SHELL ELECTRIC MFG. (HOLDINGS) CO. LTD.

二零零二年度中期業績報告
二零零二 Interim Report 2003

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Notice of Interim Dividend, 2003

The Board of Directors of Shell Electric Mfg. (Holdings) Company Limited have declared an interim dividend of 3 cents per share in respect of the six month period ended 30th June, 2003, payable to shareholders whose names appear on the Register of Members of the Company on 24th October, 2003. Dividend warrants will be posted to shareholders on 3rd November, 2003.

The Register of Members of the Company will be closed from Monday, 20th October, 2003 to Friday, 24th October, 2003, both days inclusive, during which period no transfer of the Company's shares will be effected. In order to qualify for the interim dividend, all share certificates with the duly completed transfer forms must be lodged with the Company's Registrars, Standard Registrars Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 17th October, 2003.

By Order of the Board
PETER LEE YIP WAH
Secretary

Hong Kong, 16th September, 2003

Chairman's Statement

PROFIT FOR THE FIRST HALF YEAR

By capitalizing on the competitive edge of the Group's principal businesses, the Group was able to achieve improved results during the first half of 2003, despite harsh business environment. Notwithstanding the provision which amounted to HK\$32,800,000 (six months ended 30th June, 2002: HK\$13,121,000) made for impairment losses on certain direct investments to reflect the impact of the continued depressed conditions in certain of the Group's technology investments, the Group's unaudited consolidated net profit for the first half of 2003 rose to HK\$23,437,000 and increased by 7.5 times compared to same period last year. Earnings per share were 5.28 cents.

INTERIM DIVIDEND

The Board resolved to declare an interim dividend for 2003 of 3 cents per share (2002: 1.0 cent per share) to shareholders whose names appear on the Register of Members of the Company on 24th October, 2003. Warrants for the interim dividend will be posted on 3rd November, 2003.

BUSINESS REVIEW

Electric Fans: Ceiling Fans and Table Fans

Sales of ceiling fans registered double digit growth in the period and noticeable increases were recorded in the North American market. However, with this year's late coming summer in North America sales by our customers have been affected. We expect orders for goods will slow down in the second half of the year in a continuing price competitive market.

Table fan sales recorded significant increases in the period with larger orders placed by North American customers. Competition will remain keen in the second half of the year with pressure on prices.

Vacuum Cleaners

Although this product division still suffered a small loss in the period, with a key ODM (Original Design Manufacturer) contract being concluded by the Group for the manufacturing of high-end rechargeable vacuum cleaners, we expect this product division will become profitable in the second half of the year.

Optics and Imaging

The laser scanner EMS (Electronic Manufacturing Services) business has been growing steadily. We are designing a new model featuring higher volume, improved performance and lower cost advantages to start production in 2004 for strengthening our bottom-line. We are constructing a new clean room facility and in the second half of the 2003 we shall commence the production of fusor, a high precision major component in laser printers.

Electric Wire and Cable

Although turnover improved slightly, due to reduced prices, results of the Group's 98% owned Guangdong Macro Cables Company Limited remained stable compared with the prior year. Prices of the primary raw material, copper are on a rising trend, the company will continue to control operating costs in the second half of the year in order to maintain stability.

Chairman's Statement

BUSINESS REVIEW – continued

Stainless Steel Welded Tubes Products

Losses were recorded by Shunde Hua Feng Stainless Steel Welded Tubes Limited in which the Group holds 90.1% equity interest. With the easing of protective measures by mainland China and the United States on each other's stainless steel products, the company anticipates better opportunities in opening up overseas markets for its products.

Steel Processing and Steel Trading

Sales and gross profits improved over the same period last year in the Group's 70% joint venture steel-processing factory with Shinsho Corporation of Japan in Huang Pu in mainland China. Steel prices and supply are stabilizing, results are expected to continue improving in the second half of the year.

Taxi Operation

After the impact of "SARS" in the period, business at Guangzhou SMC Car Rental Company Limited in which the Group holds 95% equity interest, has gradually returned to normal. Acquisition of taxi licenses by the company continued, its current portfolio consists of 674 taxi licenses. The company will continue to grow its business and acquire additional taxi licenses when reasonable terms are available.

Real Estate Investment and Development

The Group's property investment portfolio consists of wholly and jointly owned interests representing attributable area of 23,500 square metres of office properties and 6,300 square metres of commercial retail properties in CITIC Plaza in Guangzhou. Due to the impact of "SARS", the average vacancy rates of the office properties and the retail properties have increased to 15% and 36% respectively. In the period, the average rental levels recorded have increased by 13% and 21% for the office properties and retail properties respectively.

The Group's wholly-owned 30,000 square meters high-tech manufacturing facility in Shenzhen China continues to provide steady long term leasing income for the Group.

The occupancy rate of the Group's commercial property complex in Livermore, California has dropped slightly from 90% to 82.5% compared to last year due to continuing slow economic growth in Silicon Valley in the United States. The escalation clauses in existing leases partially offset the impact and total leasing income remained steady.

Liang Xing Highway

The Group's 52% owned Shunde Shunyue Highway Construction Ltd., the owner and operator of Liang Xing Highway, has ceased toll collection at its Sin Chun toll station since 15th March, 2003 to comply with the municipal government's policy to rationalize the city's toll system. Currently, the local government is distributing to the company temporary monthly compensation payments based on 90% of the average monthly toll in 2002. Negotiation is ongoing with the local government for a definitive compensation scheme due to the cessation of toll collection.

Chairman's Statement

BUSINESS REVIEW – continued

Technology Investment Projects

Internet Automatic Migration Software for Enterprises

Appeon Corporation has completed the Appeon 2.5 for PowerBuilder trial version in the period. The improved Appeon 2.7 version will be launched in the coming fourth quarter and the Group expects revenue contribution to commence in the following year. The company maintains a leading position in serving the needs for deploying traditional client server applications to the Internet and plays a dominant role in the Internet migration software market. The company is continuing discussions with one of the world's largest corporations to develop other software products.

Internet Server

Galactic Computing Corporation has finished a small batch of production samples of Internet servers in the period. The company will place emphasis on PRC government departments and university research institutes as initial targets for market development. The company will participate in tenders to add new customers in the second half of the year.

Systems Integration and Software Development

The corporate and management reorganization was basically complete at MDCL-Frontline (China) Limited in which the Group holds 28% equity interest. Its systems integration business was affected by the "SARS" impact in the early part of the year, causing delays in some of the projects under discussion. The team led by the newly appointed Chief Operating Officer has been aggressively developing lower price range computer trading business. Overall results of the company maintained a break even level in the period but have declined compared to the prior year.

Broadband Communication IC

Development efforts to enhance the core IP value and to build strategic and investor partnerships continue at Broadband Physics. The technical development plan to establish field testing benchmarks for validating its patented Sub-band Division Multiplexing (SDM) technology is progressing according to schedule. The Group continues to monitor carefully the company's development progress and the granting of interim secured bridge financing to the company.

Electronic Integrated Rectifier Chips

Consistency and passing rates of the chips developed by APD Semiconductor, Inc. have achieved satisfactory levels. The company is expected to launch marketing activities in the second half of 2003.

Securities Investment

The Group's securities portfolio primarily comprised investments in listed shares in Hong Kong and the United States. The world's major equity markets have recorded slight increases in prices in the period. The Group's profit in securities investment for the same period amounted to HK\$5,085,000 and the market value of the Group's holding of listed investments amounted to HK\$92,972,000 at 30th June, 2003.

By Order of the Board
BILLY YUNG KWOK KEE
Chairman

Hong Kong, 16th September, 2003

Disclosure of Interests

DIRECTORS' INTERESTS

As at 30th June, 2003, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares or 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, were as below:

(a) Long position in shares of the Company

Name of Director	Capacity	Nature of Interests	Number of ordinary shares held	Number of share options held (note e)	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital of the Company
Dr. Yung Yau	Beneficial Owner	Personal Interest	93,285,000	5,628,000	262,313,000	59.16%
	Interest of Spouse (note a)	Family Interest	3,200,000	4,200,000		
	Beneficiary of a trust (note b)	Other Interest	156,000,000			
Mr. Billy Yung Kwok Kee	Beneficial Owner	Personal Interest	42,940,000	6,700,000	223,808,000	50.47%
	Interest of controlled corporation (note c)	Corporate Interest	2,200,000			
	Beneficiary of a trust (note b)	Other Interest	156,000,000			
	Beneficiary of a trust	Other Interest	15,968,000			
Dr. Leo Tung-Hai Lee	Beneficial Owner	Personal Interest	300,000	600,000	900,000	0.20%
Mr. Shiu-Kit Ngai	Beneficial Owner	Personal Interest	–	500,000	500,000	0.11%
Madam Yung Ho Wun Ching	Beneficial Owner	Personal Interest	3,200,000	4,200,000	262,313,000	59.16%
	Interest of Spouse (note d)	Family Interest	93,285,000	5,628,000		
	Beneficiary of a trust (note b)	Other Interest	156,000,000			
Mr. Leung Chun Wah	Beneficial Owner	Personal Interest	1,799,400	750,000	2,549,400	0.57%
Mr. Plato Poon Chak Sang	Beneficial Owner	Personal Interest	739,200	750,000	1,489,200	0.34%
Mr. Nicholas Yang Wei Hsiung	Beneficial Owner	Personal Interest	350,000	500,000	850,000	0.19%
Mr. Simon Yung Kwok Choi	Beneficial Owner	Personal Interest	12,866,001	–	12,866,001	2.90%

Notes:

- (a) This interest is in fact the same block of shares disclosed under the personal interest of Madam Yung Ho Wun Ching.
- (b) The three references to 156,000,000 shares relate to the same block of shares in the Company which are held under a trust. The beneficiary of this trust are Dr. Yung Yau, Mr. Billy Yung Kwok Kee and Madam Yung Ho Wun Ching.
- (c) These shares are held by Management Systems Limited, a 100% owned company of Mr. Billy Yung Kwok Kee.
- (d) This interest is in fact the same block of shares disclosed under the personal interest of Dr. Yung Yau.
- (e) Information of share options are set out under the heading “Share Option Scheme” below.

Disclosure of Interests

DIRECTORS' INTERESTS – continued

(b) Disclosure of other interest

- (i) Certain directors held shares in subsidiaries as trustees for the Company.
- (ii) During the period, the Group's 100% owned subsidiary, Extra-Fund Investment Limited, entered into securities trading transactions with Tung Tai Securities Co., Ltd. of which the Group's independent non-executive director, Dr. Leo Tung-Hai Lee is both a director and a substantial shareholder. The transactions were conducted on an arm's length basis and gave rise to a broker's commission for approximately HK\$27,000 for the six months ended 30th June, 2003.

Other than as disclosed above, none of the directors or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors nor their spouses or children under the age of 18 had any right to subscribe for the securities of the Company as at 30th June, 2003, or had exercised any such right during the period.

SHARE OPTION SCHEME

Details of the share options granted to the directors and employees of the Group are as follows:

(a) Share option to subscribe Company's shares

	Date of grant	Period during which options are exercisable	Subscription price per share HK\$	Number of share options as at 1.1.2003 and 30.6.2003
Category 1: Directors				
Dr. Yung Yau	28.01.2000	28.01.2001 – 27.07.2003	1.38	1,072,000
	28.01.2000	28.07.2001 – 27.07.2003	1.38	1,072,000
	28.01.2000	28.01.2002 – 27.07.2003	1.38	1,072,000
	28.01.2000	28.07.2002 – 27.07.2003	1.38	1,072,000
	28.01.2000	28.01.2003 – 27.07.2003	1.38	1,340,000
Mr. Billy Yung Kwok Kee	28.01.2000	28.07.2000 – 27.07.2003	1.38	1,072,000
	28.01.2000	28.01.2001 – 27.07.2003	1.38	1,072,000
	28.01.2000	28.07.2001 – 27.07.2003	1.38	1,072,000
	28.01.2000	28.01.2002 – 27.07.2003	1.38	1,072,000
	28.01.2000	28.07.2002 – 27.07.2003	1.38	1,072,000
	28.01.2000	28.01.2003 – 27.07.2003	1.38	1,340,000
Dr. Leo Tung-Hai Lee	28.01.2000	28.07.2000 – 27.07.2003	1.38	96,000
	28.01.2000	28.01.2001 – 27.07.2003	1.38	96,000
	28.01.2000	28.07.2001 – 27.07.2003	1.38	96,000
	28.01.2000	28.01.2002 – 27.07.2003	1.38	96,000
	28.01.2000	28.07.2002 – 27.07.2003	1.38	96,000
	28.01.2000	28.01.2003 – 27.07.2003	1.38	120,000

Disclosure of Interests

SHARE OPTION SCHEME – continued

(a) Share option to subscribe Company's shares – continued

	Date of grant	Period during which options are exercisable	Subscription price per share HK\$	Number of share options as at 1.1.2003 and 30.6.2003
Category 1: Directors				
Mr. Shiu-Kit Ngai	28.01.2000	28.07.2000 – 27.07.2003	1.38	80,000
	28.01.2000	28.01.2001 – 27.07.2003	1.38	80,000
	28.01.2000	28.07.2001 – 27.07.2003	1.38	80,000
	28.01.2000	28.01.2002 – 27.07.2003	1.38	80,000
	28.01.2000	28.07.2002 – 27.07.2003	1.38	80,000
	28.01.2000	28.01.2003 – 27.07.2003	1.38	100,000
Madam Yung Ho Wun Ching	28.01.2000	28.01.2001 – 27.07.2003	1.38	800,000
	28.01.2000	28.07.2001 – 27.07.2003	1.38	800,000
	28.01.2000	28.01.2002 – 27.07.2003	1.38	800,000
	28.01.2000	28.07.2002 – 27.07.2003	1.38	800,000
	28.01.2000	28.01.2003 – 27.07.2003	1.38	1,000,000
Mr. Leung Chun Wah	28.01.2000	28.07.2000 – 27.07.2003	1.38	120,000
	28.01.2000	28.01.2001 – 27.07.2003	1.38	120,000
	28.01.2000	28.07.2001 – 27.07.2003	1.38	120,000
	28.01.2000	28.01.2002 – 27.07.2003	1.38	120,000
	28.01.2000	28.07.2002 – 27.07.2003	1.38	120,000
	28.01.2000	28.01.2003 – 27.07.2003	1.38	150,000
Mr. Plato Poon Chak Sang	28.01.2000	28.07.2000 – 27.07.2003	1.38	120,000
	28.01.2000	28.01.2001 – 27.07.2003	1.38	120,000
	28.01.2000	28.07.2001 – 27.07.2003	1.38	120,000
	28.01.2000	28.01.2002 – 27.07.2003	1.38	120,000
	28.01.2000	28.07.2002 – 27.07.2003	1.38	120,000
	28.01.2000	28.01.2003 – 27.07.2003	1.38	150,000
Mr. Nicholas Yang Wei Hsiung	28.01.2000	28.07.2000 – 27.07.2003	1.38	80,000
	28.01.2000	28.01.2001 – 27.07.2003	1.38	80,000
	28.01.2000	28.07.2001 – 27.07.2003	1.38	80,000
	28.01.2000	28.01.2002 – 27.07.2003	1.38	80,000
	28.01.2000	28.07.2002 – 27.07.2003	1.38	80,000
	28.01.2000	28.01.2003 – 27.07.2003	1.38	100,000
Total number of share options held by directors				19,628,000

Disclosure of Interests

SHARE OPTION SCHEME – continued

(a) Share option to subscribe Company's shares – continued

	Date of grant	Period during which options are exercisable	Subscription price per share HK\$	Number of share options as at 1.1.2003 and 30.6.2003
Category 2: Employees	28.01.2000	28.07.2000 – 27.07.2003	1.38	684,000
	26.05.2000	26.11.2000 – 25.11.2003	1.38	48,000
	28.01.2000	28.01.2001 – 27.07.2003	1.38	952,000
	26.05.2000	26.05.2001 – 25.11.2003	1.38	48,000
	28.01.2000	28.07.2001 – 27.07.2003	1.38	952,000
	26.05.2000	26.11.2001 – 25.11.2003	1.38	48,000
	28.01.2000	28.01.2002 – 27.07.2003	1.38	952,000
	26.05.2000	26.05.2002 – 25.11.2003	1.38	48,000
	28.01.2000	28.07.2002 – 27.07.2003	1.38	952,000
	26.05.2000	26.11.2002 – 25.11.2003	1.38	48,000
	28.01.2000	28.01.2003 – 27.07.2003	1.38	1,190,000
	26.05.2000	26.05.2003 – 25.11.2003	1.38	60,000
	Total number of share options held by employees			
Total number of share options granted				25,610,000

No option was granted to or exercised by the directors and employees of the Group during the period.

(b) Share options to subscribe for shares in Appeon Corporation

	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options		
				As at 1.1.2003	Granted during the period	As at 30.6.2003
Category 1: Directors						
Dr. Yung Yau	09.06.2003	09.06.2003 – 10.11.2012	2.50	–	6,750	6,750
	09.06.2003	01.10.2003 – 10.11.2012	2.50	–	3,375	3,375
	09.06.2003	01.04.2004 – 10.11.2012	2.50	–	3,375	3,375
	09.06.2003	01.10.2004 – 10.11.2012	2.50	–	3,375	3,375
	09.06.2003	01.04.2005 – 10.11.2012	2.50	–	3,375	3,375
	09.06.2003	01.10.2005 – 10.11.2012	2.50	–	3,375	3,375
	09.06.2003	01.04.2006 – 10.11.2012	2.50	–	3,375	3,375

Disclosure of Interests

SHARE OPTION SCHEME – continued

(b) Share options to subscribe for shares in Appeon Corporation – continued

	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options		
				As at 1.1.2003	Granted during the period	As at 30.6.2003
Category 1: Directors						
Mr. Billy Yung	09.06.2003	09.06.2003 – 10.11.2012	2.50	–	6,750	6,750
Kwok Kee	09.06.2003	01.10.2003 – 10.11.2012	2.50	–	3,375	3,375
	09.06.2003	01.04.2004 – 10.11.2012	2.50	–	3,375	3,375
	09.06.2003	01.10.2004 – 10.11.2012	2.50	–	3,375	3,375
	09.06.2003	01.04.2005 – 10.11.2012	2.50	–	3,375	3,375
	09.06.2003	01.10.2005 – 10.11.2012	2.50	–	3,375	3,375
	09.06.2003	01.10.2005 – 10.11.2012	2.50	–	3,375	3,375
	09.06.2003	01.04.2006 – 10.11.2012	2.50	–	3,375	3,375
Total number of share options held by directors				–	54,000	54,000
Category 2: Employees						
	25.11.2002	25.11.2002 – 10.11.2012	2.50	37,374	–	37,374
	25.11.2002	01.04.2003 – 10.11.2012	2.50	31,751	–	31,751
	25.11.2002	01.10.2003 – 10.11.2012	2.50	31,749	–	31,749
	25.11.2002	01.04.2004 – 10.11.2012	2.50	31,751	–	31,751
	25.11.2002	01.10.2004 – 10.11.2012	2.50	31,749	–	31,749
	25.11.2002	01.04.2005 – 10.11.2012	2.50	30,501	–	30,501
	25.11.2002	01.10.2005 – 10.11.2012	2.50	30,499	–	30,499
	25.11.2002	01.04.2006 – 10.11.2012	2.50	28,626	–	28,626
	02.06.2003	02.06.2003 – 10.11.2012	2.50	–	3,000	3,000
	02.06.2003	01.10.2003 – 10.11.2012	2.50	–	1,500	1,500
	02.06.2003	01.04.2004 – 10.11.2012	2.50	–	1,500	1,500
	02.06.2003	01.10.2004 – 10.11.2012	2.50	–	1,500	1,500
	02.06.2003	01.04.2005 – 10.11.2012	2.50	–	1,500	1,500
	02.06.2003	01.10.2005 – 10.11.2012	2.50	–	1,500	1,500
	02.06.2003	01.04.2006 – 10.11.2012	2.50	–	1,500	1,500

Disclosure of Interests

SHARE OPTION SCHEME – continued

(b) Share options to subscribe for shares in Apeon Corporation – continued

	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options		
				As at 1.1.2003	Granted during the period	As at 30.6.2003
Category 2: Employees	09.06.2003	09.06.2003 – 10.11.2012	0.10	–	5,106	5,106
	09.06.2003	01.10.2003 – 10.11.2012	0.10	–	2,553	2,553
	09.06.2003	01.04.2004 – 10.11.2012	0.10	–	2,553	2,553
	09.06.2003	01.10.2004 – 10.11.2012	0.10	–	2,553	2,553
	09.06.2003	01.04.2005 – 10.11.2012	0.10	–	2,553	2,553
	09.06.2003	01.10.2005 – 10.11.2012	0.10	–	2,553	2,553
	09.06.2003	01.04.2006 – 10.11.2012	0.10	–	2,554	2,554
Total number of share options held by employees				254,000	32,425	286,425
Total number of share options granted				254,000	86,425	340,425

No option was exercised by the directors and employees of the Group during the period.

(c) Share options to subscribe for shares in Galactic Computing Corporation

	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options		
				As at 1.1.2003	Granted during the period	As at 30.6.2003
Category 1: Directors						
Dr. Yung Yau	09.06.2003	09.06.2003 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.12.2003 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.06.2004 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.12.2004 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.06.2005 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.12.2005 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.06.2006 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.12.2006 – 10.11.2012	0.45	–	25,000	25,000
Mr. Billy Yung Kwok Kee	09.06.2003	09.06.2003 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.12.2003 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.06.2004 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.12.2004 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.06.2005 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.12.2005 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.06.2006 – 10.11.2012	0.45	–	25,000	25,000
	09.06.2003	01.12.2006 – 10.11.2012	0.45	–	25,000	25,000
Total number of share options held by directors				–	400,000	400,000

Disclosure of Interests

SHARE OPTION SCHEME – continued

(c) Share options to subscribe for shares in Galactic Computing Corporation – continued

	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options		
				As at 1.1.2003	Granted during the period	As at 30.6.2003
Category 2: Employees	25.11.2002	01.06.2003 – 10.11.2012	0.45	66,250	–	66,250
	25.11.2002	01.12.2003 – 10.11.2012	0.45	66,250	–	66,250
	25.11.2002	01.06.2004 – 10.11.2012	0.45	66,250	–	66,250
	25.11.2002	01.12.2004 – 10.11.2012	0.45	66,250	–	66,250
	25.11.2002	01.06.2005 – 10.11.2012	0.45	66,250	–	66,250
	25.11.2002	01.12.2005 – 10.11.2012	0.45	66,250	–	66,250
	25.11.2002	01.06.2006 – 10.11.2012	0.45	66,250	–	66,250
	25.11.2002	01.12.2006 – 10.11.2012	0.45	66,250	–	66,250
	28.01.2003	01.08.2003 – 10.11.2012	0.45	–	6,250	6,250
	28.01.2003	01.02.2004 – 10.11.2012	0.45	–	6,250	6,250
	28.01.2003	01.08.2004 – 10.11.2012	0.45	–	6,250	6,250
	28.01.2003	01.02.2005 – 10.11.2012	0.45	–	6,250	6,250
	28.01.2003	01.08.2005 – 10.11.2012	0.45	–	6,250	6,250
	28.01.2003	01.02.2006 – 10.11.2012	0.45	–	6,250	6,250
	28.01.2003	01.08.2006 – 10.11.2012	0.45	–	6,250	6,250
	28.01.2003	01.02.2007 – 10.11.2012	0.45	–	6,250	6,250
	09.06.2003	01.08.2003 – 10.11.2012	0.45	–	6,250	6,250
	09.06.2003	01.02.2004 – 10.11.2012	0.45	–	6,250	6,250
	09.06.2003	01.08.2004 – 10.11.2012	0.45	–	6,250	6,250
	09.06.2003	01.02.2005 – 10.11.2012	0.45	–	6,250	6,250
	09.06.2003	01.08.2005 – 10.11.2012	0.45	–	6,250	6,250
	09.06.2003	01.02.2006 – 10.11.2012	0.45	–	6,250	6,250
	09.06.2003	01.08.2006 – 10.11.2012	0.45	–	6,250	6,250
	09.06.2003	01.02.2007 – 10.11.2012	0.45	–	6,250	6,250
	09.06.2003	09.06.2003 – 10.11.2012	0.45	–	47,500	47,500
	09.06.2003	01.12.2003 – 10.11.2012	0.45	–	47,500	47,500
	09.06.2003	01.06.2004 – 10.11.2012	0.45	–	47,500	47,500
	09.06.2003	01.12.2004 – 10.11.2012	0.45	–	47,500	47,500
	09.06.2003	01.06.2005 – 10.11.2012	0.45	–	47,500	47,500
	09.06.2003	01.12.2005 – 10.11.2012	0.45	–	47,500	47,500
	09.06.2003	01.06.2006 – 10.11.2012	0.45	–	47,500	47,500
	09.06.2003	01.12.2006 – 10.11.2012	0.45	–	47,500	47,500
	Total number of share options held by employees				530,000	480,000
Total number of share options granted				530,000	880,000	1,410,000

No option was exercised by the directors and employees of the Group during the period.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of Substantial Shareholder	Capacity	Nature of Interests	Number of ordinary shares held	Number of share options held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital of the Company
Herald Rich Company Limited	Beneficial Owner <i>(note a)</i>	Beneficial Interest	156,000,000	–	156,000,000	35.18%
Parkway Company Limited	Interest of controlled corporation <i>(note a)</i>	Corporate Interest	156,000,000	–	156,000,000	35.18%
UBS Trustee (BVI) Limited	Trustee of a Trust <i>(note a)</i>	Other Interest	156,000,000	–	156,000,000	35.18%
Madam Vivian Hsu	Interest of Spouse <i>(note b)</i>	Family interest	45,140,000	6,700,000	51,840,000	11.69%

Notes:

- (a) The three references to 156,000,000 shares relate to the same block of shares in the Company. These shares are in fact the same shares disclosed in the section headed “Directors’ Interests” as being held under a trust and the beneficiaries of which are Dr. Yung Yau, Mr. Billy Yung Kwok Kee and Madam Yung Ho Wun Ching.
- (b) Madam Vivian Hsu’s shares are in fact the same block of shares already disclosed under the personal and corporate interests of her husband, Mr. Billy Yung Kwok Kee as disclosed in the section headed “Directors’ Interests”.

Other than as disclosed above, there was no person, other than the director of the Company, who has an interest or short position in the shares and underlying shares of the Company as recorded in the register of the Company kept under section 336 of the SFO.

Financial Review

LIQUIDITY AND FINANCIAL CONDITION

The Group achieved improved performance in the first half of 2003, with revenue rising 30% over the same period last year to reach HK\$1,046,818,000 and net profits increasing by 7.5 times to HK\$23,437,000. During the period under review, revenue from the laser scanner EMS business and sales of electric fans increased by 48% and 28% respectively and overall margin was improved through an extensive cost reduction program.

The Group continued to maintain its financial and liquidity resources in healthy condition. With a centralized funding policy in place for all its operations at the corporate level, the Group was able to maintain its treasury operations to make efficient allocation of its financial resources.

There were no material changes to the Group's available banking facilities since 31st December, 2002. Other than a medium-term loan charged at fixed interest rate and secured by certain assets of the Group located in the United States, all banking facilities of the Group were arranged on short-term basis and subject to floating interest rates. This medium-term loan would become mature by 20th October, 2004. The Group's major borrowings were in Hong Kong Dollars and US Dollars. As the Group conducted its sales mainly in US Dollars and made payments either in US Dollars or Hong Kong Dollars, the Group considered that it had no significant exposure to foreign exchange risk as long as the Hong Kong Dollar was pegged to the US Dollar.

The Group has put in place its policy of maintaining a prudent gearing ratio. As at 30th June, 2003, the Group's gearing ratio, expressed as a percentage of total liabilities to shareholders' funds was 36% (31st December, 2002 (restated): 34%). Total liabilities and shareholders' fund of the Group amounted to approximately HK\$697,550,000 and HK\$1,939,730,000 respectively (31st December, 2002 (restated): HK\$652,148,000 and HK\$1,920,674,000 respectively).

It is worth noting that the Group's total liabilities included certain shareholder loans advanced to the Group's non-wholly owned subsidiary companies by their minority shareholders on a proportional basis, which amounted to approximately HK\$359,008,000 (31st December, 2002: HK\$348,403,000). If such shareholder loans advanced by minority shareholders were excluded, the gearing ratio of the Group would be approximately 17% (31st December, 2002: 16%).

The Group has adequate financial resources to fund its capital expenditure commitments and working capital requirements through cash flows generated from its operations and banking facilities. There were no material acquisitions and disposals of subsidiaries and associated companies for the six months under review.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no material capital commitments and contingent liabilities as at 30th June, 2003.

CHARGES ON ASSETS

There was no significant change in charges on assets of the Group compared to the position as at 31st December, 2002.

EMPLOYEES

Number of Employees

As at 30th June, 2003, the Group has approximately 1,500 employees. The pay levels of these employees are commensurate with their responsibilities, contribution and performance.

In addition to the above, the Group's co-operative joint venture companies in Mainland China provided employment to approximately 4,000 people.

Share Option Scheme

Pursuant to the Share Option Scheme (the "Scheme") which became effective in May 1994, options under the Scheme were offered to directors and the employees. No option was granted and none of the grantees exercised his/her options under the Scheme during the first half of 2003.

Other Information

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim financial statements are unaudited, but have been reviewed by the Company's audit committee and auditors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, the Company repurchased certain of its own shares through The Stock Exchange of Hong Kong Limited. The aggregate price paid for the repurchases amounted to HK\$1,008,000. All of these shares had been cancelled. Details of the repurchases are as follows:

Month of repurchase	Number of ordinary shares of HK\$0.50 each '000	Price per share		Aggregate consideration paid (including expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
February	504	1.00	0.98	505
March	503	1.00	0.99	503
	<u>1,007</u>			<u>1,008</u>

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of information that would reasonably indicate the Company is not, or was not for any part of the six months ended 30th June, 2003, covered by the interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing on The Stock Exchange of Hong Kong Limited.

Independent Review Report

德勤·關黃陳方會計師行

Certified Public Accountants
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Hong Kong

香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

**TO THE BOARD OF DIRECTORS OF
SHELL ELECTRIC MFG. (HOLDINGS) COMPANY LIMITED**

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have been instructed by the Directors of the Company to review the interim financial report set out on pages 17 to 26.

DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards No. 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2003.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong, 16th September, 2003

INTERIM REPORT

For the six months ended 30th June, 2003

Condensed Consolidated Income Statement

For the six months ended 30th June, 2003

	Notes	Six months ended 30th June,	
		2003 (unaudited) HK\$'000	2002 (unaudited) (restated) HK\$'000
Turnover	3	1,046,818	805,447
Other operating income		18,710	38,038
Changes in inventories of finished goods and work in progress		(10,596)	418
Changes in trading securities		8,527	73,267
Raw materials, subcontracted goods and consumables used		(348,241)	(265,480)
Purchases of trading goods		(341,556)	(294,291)
Costs incurred on properties under development for sale		–	(25,608)
Purchases of trading securities		(187,427)	(166,590)
Staff costs		(43,228)	(46,831)
Depreciation and amortisation expenses	4	(25,656)	(28,861)
Other operating expenses		(48,995)	(58,677)
Impairment losses on investments in securities not held for trading	5	(32,800)	(13,121)
Profit from operations		35,556	17,711
Finance costs		(12,756)	(16,322)
Share of results of associates		3,187	(3,054)
Gain on deemed and partial disposal of interest in an associate		–	345
Loss on disposal of an associate		(877)	–
Profit (loss) from ordinary activities before taxation		25,110	(1,320)
Taxation	6	(9,098)	(6,932)
Profit (loss) before minority interests		16,012	(8,252)
Minority interests		7,425	10,985
Net profit for the period		23,437	2,733
Dividends	7	13,302	5,097
		HK cents	HK cents
Earnings per share (Basic)	8	5.28	0.54

INTERIM REPORT

For the six months ended 30th June, 2003

Condensed Consolidated Balance Sheet

As at 30th June, 2003

	<i>Notes</i>	30.6.2003 (unaudited)	31.12.2002 (audited) (restated)
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties	9	538,586	537,682
Property, plant and equipment		660,473	678,257
Goodwill		11,678	12,373
Intangible assets	10	158,504	76,140
Interests in associates		511,503	530,487
Investments in securities	11	66,503	91,754
		<u>1,947,247</u>	<u>1,926,693</u>
Current assets			
Inventories		84,575	105,062
Trade and other receivables	12	218,665	154,952
Amounts due from associates		4,957	331
Amounts due from investees		1,671	1,688
Investments in securities		108,568	100,041
Pledged bank deposits	13	7,800	–
Bank balances and cash		175,295	202,977
		<u>601,531</u>	<u>565,051</u>
Current liabilities			
Trade and other payables	14	209,841	176,715
Amounts due to associates		227	227
Amounts due to minority shareholders		53,072	54,842
Amount due to an investee		378	378
Taxation liabilities		13,955	8,334
Bank borrowings		48,360	53,460
		<u>325,833</u>	<u>293,956</u>
Net current assets		<u>275,698</u>	<u>271,095</u>
		<u>2,222,945</u>	<u>2,197,788</u>
Capital and reserves			
Share capital	15	221,703	222,207
Share premium and reserves		1,718,027	1,698,467
Shareholders' funds		<u>1,939,730</u>	<u>1,920,674</u>
Minority interests		<u>(88,502)</u>	<u>(81,078)</u>
Non-current liabilities			
Bank borrowings		58,604	59,024
Deferred taxation	2	7,177	5,607
Loans from minority shareholders		305,936	293,561
		<u>371,717</u>	<u>358,192</u>
		<u>2,222,945</u>	<u>2,197,788</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2003

	Share capital	Share premium	Investment property revaluation reserve	Capital redemption reserve	Investment revaluation reserve	Translation reserve	Goodwill reserve	Dividend reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2002										
– as originally stated	254,879	529,289	27,664	10,581	–	(458)	(25,861)	12,744	1,243,031	2,051,869
– adjustment on adoption of SSAP 12 (Revised) (Note 2)	–	–	(2,813)	–	–	–	–	–	2,170	(643)
– as restated	254,879	529,289	24,851	10,581	–	(458)	(25,861)	12,744	1,245,201	2,051,226
Exchange difference arising on translation of overseas operations	–	–	–	–	–	(93)	–	–	–	(93)
Share of revaluation deficit of an associate	–	–	(44)	–	–	–	–	–	–	(44)
Decrease in fair value of investments in securities not held for trading	–	–	–	–	(13,121)	–	–	–	–	(13,121)
Impairment losses on investments in securities not held for trading	–	–	–	–	13,121	–	–	–	–	13,121
Net losses not recognised on consolidated income statement	–	–	(44)	–	–	(93)	–	–	–	(137)
Profit for the period	–	–	–	–	–	–	–	–	2,733	2,733
Realised on disposal of partial interest in an associate	–	–	–	–	–	–	1,843	–	–	1,843
Realised on disposal of properties of an associate	–	–	(394)	–	–	–	–	–	–	(394)
Interim dividend	–	–	–	–	–	–	–	5,097	(5,097)	–
Dividends paid	–	–	–	–	–	–	–	(12,742)	–	(12,742)
Overprovision of dividend in previous period due to shares repurchased	–	–	–	–	–	–	–	(2)	2	–
Shares repurchased	(34)	–	–	34	–	–	–	–	(56)	(56)
Other changes in equity	(34)	–	(394)	34	–	–	1,843	(7,647)	(2,418)	(8,616)
At 30th June, 2002	254,845	529,289	24,413	10,615	–	(551)	(24,018)	5,097	1,242,783	2,042,473
At 1st January, 2003										
– as originally stated	222,207	529,289	57,637	43,253	–	(126)	(24,017)	4,444	1,106,056	1,938,743
– adjustment on adoption of SSAP 12 (Revised) (Note 2)	–	–	(12,636)	–	–	–	–	–	(5,433)	(18,069)
– as restated	222,207	529,289	45,001	43,253	–	(126)	(24,017)	4,444	1,100,623	1,920,674
Exchange difference arising on translation of overseas operations	–	–	–	–	–	1,302	–	–	–	1,302
Decrease in fair value of investments in securities not held for trading	–	–	–	–	(32,800)	–	–	–	–	(32,800)
Impairment losses on investments in securities not held for trading	–	–	–	–	32,800	–	–	–	–	32,800
Net gains not recognised in consolidated income statement	–	–	–	–	–	1,302	–	–	–	1,302
Profit for the period	–	–	–	–	–	–	–	–	23,437	23,437
Realised on disposal of properties of an associate	–	–	(241)	–	–	–	–	–	–	(241)
Interim dividend	–	–	–	–	–	–	–	13,302	(13,302)	–
Dividends paid	–	–	–	–	–	–	–	(4,434)	–	(4,434)
Overprovision of dividend in previous period due to shares repurchased	–	–	–	–	–	–	–	(10)	10	–
Shares repurchased	(504)	–	–	504	–	–	–	–	(1,008)	(1,008)
Other changes in equity	(504)	–	(241)	504	–	–	–	8,858	9,137	17,754
At 30th June, 2003	221,703	529,289	44,760	43,757	–	1,176	(24,017)	13,302	1,109,760	1,939,730

INTERIM REPORT

For the six months ended 30th June, 2003

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June, 2003

	Six months ended	
	30th June,	
	2003	2002
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash from (used in) operating activities	39,628	(50,690)
Net cash (used in) from investing activities	(63,772)	28,098
Net cash used in financing activities	(3,493)	(6,627)
Net decrease in cash and cash equivalents	(27,637)	(29,219)
Cash and cash equivalents at beginning of the period	202,831	220,119
Effect of foreign exchange rate changes	101	(835)
Cash and cash equivalents at end of the period	<u>175,295</u>	<u>190,065</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	175,295	190,183
Bank overdrafts	–	(118)
	<u>175,295</u>	<u>190,065</u>

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2003

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants (“HKSA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2002, except that in the current period, the Group has adopted SSAP 12 (Revised) “Income Taxes”.

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly. As a result of this change in policy, the opening balance on retained earnings at 1st January, 2003 has been decreased by HK\$5,433,000 (1st January, 2002: increased by HK\$2,170,000). The balances on the Group’s investment property revaluation reserves at 1st January, 2003 have been decreased by HK\$12,636,000 (1st January, 2002: HK\$2,813,000) and the balances on the Group’s interests in associates at 1st January, 2003 have been decreased by HK\$12,462,000 (1st January, 2002: HK\$2,639,000). The profit for the six months ended 30th June, 2003 has been decreased by HK\$1,570,000 (six months ended 30th June, 2002: HK\$3,802,000).

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2003

3. SEGMENT INFORMATION

The Group's turnover and contribution to profit from operations, analysed by business segments (primary segments), are as follows:

Business Segments

	Turnover		Contribution to profit from operations	
	Six months ended		Six months ended	
	30th June,		30th June,	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Manufacturing and marketing of electric fans, vacuum cleaners and other electrical household appliances, and EMS business	735,233	584,666	56,260	40,394
Manufacturing and trading of electric cables and steel pipes	24,164	27,036	(6,538)	(3,582)
Steel plate processing and trading	57,908	49,871	3,681	1,766
Leasing of property for rental	29,165	27,866	25,733	24,649
Property development	–	22,958	282	(2,974)
Taxi rental operation	5,064	5,086	2,463	2,749
Trading of securities	183,359	75,262	5,085	(18,429)
Toll road management and operation	11,925	12,702	1,621	1,584
Direct investment in hi-tech business	–	–	(38,509)	(21,086)
	<u>1,046,818</u>	<u>805,447</u>	<u>50,078</u>	<u>25,071</u>
Unallocated corporate expenses			(19,562)	(26,916)
Interest income			<u>5,040</u>	<u>19,556</u>
Profit from operations			<u>35,556</u>	<u>17,711</u>

There are no inter-segment sales between different business segments.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2003

3. SEGMENT INFORMATION – continued

The Group's turnover analysed by geographical segments is as follows:

Geographical Segments

	Six months ended 30th June,	
	2003 HK\$'000	2002 HK\$'000
Hong Kong	205,024	149,024
People's Republic of China ("PRC")	298,656	258,512
North America	569,234	383,963
Europe	56,102	66,397
Asia, other than Hong Kong and the PRC	40,833	40,567
Others	60,197	73,446
	<u>1,230,046</u>	<u>971,909</u>
Inter-segment sales	<u>(183,228)</u>	<u>(166,462)</u>
	<u><u>1,046,818</u></u>	<u><u>805,447</u></u>

The inter-segment sales were charged at cost plus a percentage mark-up. The inter-segment sales comprise sales in Hong Kong amounting to HK\$86,312,000 (six months ended 30th June, 2002: HK\$67,537,000) and sales in the PRC amounting to HK\$96,916,000 (six months ended 30th June, 2002: HK\$98,925,000).

4. DEPRECIATION AND AMORTISATION EXPENSES

	Six months ended 30th June,	
	2003 HK\$'000	2002 HK\$'000
Depreciation of property, plant and equipment	23,229	25,817
Amortisation of:		
Goodwill		
Attributable to subsidiaries	694	695
Attributable to associate	28	–
Intangible assets	<u>1,705</u>	<u>2,349</u>
	<u><u>25,656</u></u>	<u><u>28,861</u></u>

5. IMPAIRMENT LOSSES ON INVESTMENTS IN SECURITIES NOT HELD FOR TRADING

During the period, the directors of the Company reviewed the carrying value of the investment securities not held for trading. For investments in businesses which are at the initial set up stage and are involved in developing the advanced semiconductor, internet related hardware and software, the related investment cost of approximately HK\$32,800,000 (six months ended 30th June, 2002: HK\$13,121,000) was considered to be fully impaired with regard to the current market situation.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2003

6. TAXATION

	Six months ended 30th June,	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Current tax:		
Hong Kong	6,598	2,677
Other regions of the PRC	56	143
Deferred tax:		
Current year	1,532	3,802
Attributable to increase in tax rate	38	–
	<hr/>	<hr/>
Taxation attributable to the Company and its subsidiaries	8,224	6,622
Share of taxation attributable to associates	874	310
	<hr/>	<hr/>
	9,098	6,932
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 17.5 per cent (2002: 16 per cent) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7. DIVIDENDS

On 16th September, 2003, the directors declared an interim dividend of 3 cents (six months ended 30th June, 2002: 1.0 cent) per share, amounting to HK\$13,302,000 (six months ended 30th June, 2002: HK\$5,097,000), to be paid to the shareholders of the Company whose names appear in the Register of Members on 24th October, 2003.

During the period, a dividend of 1.0 cent (six months ended 30th June, 2002: 2.5 cents) per share, amounting to HK\$4,434,000 (six months ended 30th June, 2002: HK\$12,742,000) was paid to shareholders as the final dividend for the immediate preceding financial year end.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the period of HK\$23,437,000 (six months ended 30th June, 2002: HK\$2,733,000) and the weighted average number of ordinary shares of 443,744,000 (six months ended 30th June, 2002: 509,735,000).

No diluted earnings per share has been presented for the current and prior periods as the exercise price of the Company's outstanding share options was higher than the average market price of shares during these periods and the subsidiaries' outstanding share options were anti-dilutive.

9. INVESTMENT PROPERTIES

At 30th June, 2003, the directors reviewed the carrying amount of the Group's investment properties carried at revalued amounts and considered that the carrying amounts were not significantly different from that which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit was recognised in the current period.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2003

10. INTANGIBLE ASSETS

During the period, the Group acquired additional taxi licences and capitalised development expenditure in a web-based computer software amounting to HK\$78,068,000 and HK\$6,000,000 respectively.

11. INVESTMENTS IN SECURITIES

The decrease in investments in securities not held for trading was mainly attributable to the impairment losses recognised during the period as set out in note 5.

12. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK\$142,030,000 (31st December, 2002: HK\$78,520,000). For sales of goods, the Group allows an average credit period of 60 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. The aged analysis of trade receivables at the balance sheet date is as follows:

	30.6.2003	31.12.2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	57,879	42,514
31 – 60 days	54,121	16,929
61 – 90 days	14,861	6,845
91 – 180 days	11,429	6,846
181 – 360 days	1,661	3,346
Over 360 days	2,079	2,040
	142,030	78,520

13. PLEDGED BANK DEPOSITS

The bank deposits are pledged to a bank to secure the issue of letters of credit by the bank for the purchase of raw materials.

14. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$92,837,000 (31st December, 2002: HK\$62,701,000). The aged analysis of trade payables at the balance sheet date is as follows:

	30.6.2003	31.12.2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	43,856	40,601
31 – 60 days	31,142	10,966
61 – 90 days	7,199	1,056
91 – 180 days	4,183	1,677
181 – 360 days	3,871	6,160
Over 360 days	2,586	2,241
	92,837	62,701

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2003

15. SHARE CAPITAL

	30.6.2003		31.12.2002	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised:				
Ordinary shares of HK\$0.50 each				
Balance at beginning and end of the period/year	<u>900,000</u>	<u>450,000</u>	<u>900,000</u>	<u>450,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.50 each				
Balance at beginning of the period/year	444,414	222,207	509,759	254,879
Shares repurchased and cancelled	<u>(1,007)</u>	<u>(504)</u>	<u>(65,345)</u>	<u>(32,672)</u>
Balance at end of the period/year	<u>443,407</u>	<u>221,703</u>	<u>444,414</u>	<u>222,207</u>

16. CONTINGENT LIABILITIES

As at the balance sheet date, the Group had the following outstanding contingent liabilities not provided for in the financial statements:

	30.6.2003	31.12.2002
	HK\$'000	HK\$'000
Shipping and other guarantees	400	408
Letter of credit to secure banking facilities granted to an associate	<u>–</u>	<u>22,364</u>

17. CAPITAL COMMITMENTS

As at the balance sheet date, the Group had commitments as follows:

	30.6.2003	31.12.2002
	HK\$'000	HK\$'000
Contracted but not provided for in the financial statements:		
Establishment of a joint venture to develop manufacturing facilities in the PRC	3,943	6,630
Purchase of taxi licences	–	27,492
Construction of factory premises	<u>–</u>	<u>32</u>
	<u>3,943</u>	<u>34,154</u>

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