



訊通控股有限公司
Info Communication Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Interim Report
2002

For the period ended 30 September 2002

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risk arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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This report, for which the directors of Info Communication Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Info Communication Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: 1. The information contained in this report is accurate and complete in all material respects and not misleading; 2. There are no other matters the omission of which would make any statement in this report misleading; and 3. All opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL RESULTS (UNAUDITED)

The board of directors (the "Board" or the "Directors") of Info Communication Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and six months ended 30 September 2002 together with the unaudited comparative figures for the corresponding periods in 2001 respectively as follows:

	Note	Three months ended 30 September		Six months ended 30 September	
		2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	2	10,552	2,549	19,847	14,252
Other revenue	2	160	9	293	38
Exhibition costs		(3,328)	(1,585)	(5,326)	(4,302)
Printing, postage and paper costs		(1,631)	(853)	(3,233)	(2,060)
Promotion expenses		(1,914)	(1,425)	(2,500)	(2,394)
Staff costs		(2,253)	(2,042)	(5,415)	(4,692)
Depreciation		(55)	(93)	(108)	(184)
Other operating expenses		(1,636)	(1,449)	(2,717)	(2,378)
(Loss)/Profit on ordinary activities before taxation		(105)	(4,889)	841	(1,720)
Taxation	3	–	–	(13)	–
Net (loss)/profit attributable to shareholders		(105)	(4,889)	828	(1,720)
Dividend	5	–	4,500	–	4,500
(Loss)/Earnings per share – basic, in cents	4	(0.01)	(0.61)	0.10	(0.21)
Earnings per share – diluted, in cents	4	n/a	n/a	0.10	n/a

The only item of the statement of recognised gains and losses for the periods is the net (loss)/profit for the periods. Other movements in capital and reserves, and a reconciliation of the opening and closing balances of share capital, reserves and accumulated profits are set out in notes 8 and 9.

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The unaudited consolidated balance sheet of the Group as at 30 September 2002 together with the audited consolidated balance sheet as at 31 March 2002, are as follows:

		As at 30 September 2002 <i>HK\$'000</i>	As at 31 March 2002 <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Fixed assets		494	571
Investment securities		300	300
		<u>794</u>	<u>871</u>
Current assets			
Trade receivables	6	6,479	4,697
Other receivables, deposits and prepayments		6,716	3,592
Tax refundable		570	583
Cash and cash equivalents		10,112	12,885
		<u>23,877</u>	<u>21,757</u>
Total assets		<u>24,671</u>	<u>22,628</u>
Less: Current liabilities			
Trade payables	7	2,062	2,443
Other payables and accrued charges		696	1,310
Sales deposits received		4,641	1,413
Dividend payable		1,784	–
		<u>9,183</u>	<u>5,166</u>
Net current assets		<u>14,694</u>	<u>16,591</u>
Net assets		<u>15,488</u>	<u>17,462</u>
<i>Representing:</i>			
Share capital	8	8,006	8,006
Reserves	9	7,482	9,456
		<u>15,488</u>	<u>17,462</u>

The unaudited condensed consolidated cash flow statement of the Group for the six months ended 30 September 2002, together with the unaudited comparative figures for the corresponding period in 2001, are as follows:

	Six months ended	
	30 September	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/from operating activities	(2,799)	32
Net cash from/(used in) investing activities	26	(69)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(2,773)	(37)
Cash and cash equivalents at beginning of period	12,885	1,147
	<hr/>	<hr/>
Cash and cash equivalents at end of period	10,112	1,110
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	10,112	1,110
	<hr/>	<hr/>

Notes:

1. Basis of preparation

These unaudited condensed consolidated interim results (“interim accounts”) are prepared in accordance with the Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25, “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants and Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The principal accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the audited financial statements for the year ended 31 March 2002, except that the Group has adopted certain new and revised SSAPs which became effective as from 1 January 2002. The adoption of these new and revised SSAPs has no material effect on the Group’s results. Certain comparative figures have also been reclassified to conform with the current period’s presentation.

2. Turnover, revenue and segment information

	Three months ended		Six months ended	
	30 September		30 September	
	2002	2001	2002	2001
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Turnover:				
Exhibition organisation income	8,716	1,538	16,172	11,460
Promotion and marketing income	1,828	995	3,396	2,763
Publication income	8	16	279	29
	<u>10,552</u>	<u>2,549</u>	<u>19,847</u>	<u>14,252</u>
Other revenue:				
Bank interest income	22	–	57	–
Sundry income	138	9	236	38
	<u>160</u>	<u>9</u>	<u>293</u>	<u>38</u>
Total revenue	<u>10,712</u>	<u>2,558</u>	<u>20,140</u>	<u>14,290</u>

No business segment information (primary segment information) has been disclosed for the periods presented as the Group is operating in a single business segment which is exhibition organisation. Substantially all of the services of the Group are provided to Hong Kong based exhibitors and customers and therefore no geographical segment information has been disclosed for the periods presented.

3. Taxation

Hong Kong profits tax has been provided at a rate of 16% (2001: 16%) on the estimated assessable profits for the periods.

No provision for deferred taxation has been made as the Group had no material potential liabilities arising on timing differences as at the balance sheet dates.

4. (Loss)/Earnings per share

The calculation of basic (loss)/earnings per share for the three months and six months ended 30 September 2002 is based on the respective unaudited consolidated (loss)/profit attributable to shareholders of approximately HK\$(105,000) and HK\$828,000 respectively (three months and six months ended 30 September 2001: approximately HK\$(4,889,000) and HK\$(1,720,000) respectively) and on the assumption that the weighted average number of 800,640,000 (2001: 800,640,000) ordinary shares were in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 September 2002 is based on the unaudited consolidated profit attributable to shareholders of approximately HK\$828,000 and on 823,934,117 ordinary shares, being the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of the share options outstanding during the period.

No diluted loss per share for the three months ended 30 September 2002 and the corresponding three months and six months ended 30 September 2001 has been presented as the share options outstanding during the periods had an anti-dilutive effect on the respective basic loss per share for the periods.

5. Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2002. A special dividend of HK\$4,500,000 was paid in respect of the six months ended 30 September 2001.

6. Trade receivables

As at 30 September 2002, the aging analysis of the trade receivables was as follows:

	As at 30 September 2002 <i>HK\$'000</i>	As at 31 March 2002 <i>HK\$'000</i>
Current	990	3,236
30 – 60 days	2,087	361
Over 60 days	3,402	1,100
	<u>6,479</u>	<u>4,697</u>

Credit terms are normally negotiable between the Group and its customers and vary for the different business activities of the Group. For the exhibition organising business, customers are normally required to pay a 50% deposit upon signing of agreements and the remaining 50% prior to the opening of exhibitions. A credit period of up to 9 months may be given to those customers who have longstanding business relationships with the Group for the remaining 50% balance, following financial assessment by the senior management and based on the established payment records of the customers. For the promotion and marketing services, the Group normally requires full payment before rendering of services and the advertising fees from placement of advertisements in newspapers and magazines are normally payable on per issue basis 30 days before the date of publication. For the publication business, customers are required to make full payment at the time of subscription to the trade magazines published by the Group.

7. Trade payables

As at 30 September 2002, the aging analysis of the trade payables was as follows:

	As at 30 September 2002 <i>HK\$'000</i>	As at 31 March 2002 <i>HK\$'000</i>
Current	1,619	2,420
30 – 60 days	428	21
Over 60 days	15	2
	<u>2,062</u>	<u>2,443</u>

8. Share capital

	As at 30 September 2002 <i>HK\$'000</i>	As at 31 March 2002 <i>HK\$'000</i>
Authorised:		
2,000,000,000 ordinary shares of HK\$0.01 each	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:		
800,640,000 ordinary shares of HK\$0.01 each	<u>8,006</u>	<u>8,006</u>

9. Reserves

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	As at 30 September 2002 Total <i>HK\$'000</i>	As at 31 March 2002 Total <i>HK\$'000</i>
At beginning of the period	3,517	900	5,039	9,456	5,798
Effect of the Reorganisation	-	-	-	-	300
Issue of shares through the Placing	-	-	-	-	19,354
Share issue expenses	-	-	-	-	(8,637)
Capitalisation of share premium	-	-	-	-	(7,200)
Net profit for the period/ year	-	-	828	828	4,341
Special dividend paid	-	-	-	-	(4,500)
Proposed final dividend for the year ended 31 March 2002 paid	-	-	<u>(2,802)</u>	<u>(2,802)</u>	-
At end of the period	<u>3,517</u>	<u>900</u>	<u>3,065</u>	<u>7,482</u>	<u>9,456</u>

10. Related party transactions

During the six months ended 30 September 2002, the Group paid rent totalling HK\$108,000 (six months ended 30 September 2001: HK\$108,000) to an executive Director for the lease of office premises owned by him. The Directors consider that the rental was calculated by reference to open market rentals.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the six months ended 30 September 2002, the Group organised a total of 4 and 11 exhibitions respectively in Hong Kong and in Shenzhen, Guangzhou, Dongguan, Shunde and Wuhan of the PRC, details of which are set out below:

Dates and venues	Exhibitions
27–30 May 2002 Guangzhou Foreign Trade Centre, China	9th South China International Machinery & Materials Exhibition 9th South China International Plastics & Packaging Exhibition Mould & Die South China 2002
20–23 June 2002 Dongguan International Convention & Exhibition Centre	Dongguan International Coating Exhibition Dongguan International Surface Finishing Exhibition
26–28 July 2002 Hong Kong Convention & Exhibition Centre (“HKCEC”)	4th Health Expo 2nd Leisure Products Expo
26–28 July 2002 HKCEC	3rd Hong Kong Beauty & Skincare Expo 2nd Fashion Accessory Expo
30 August – 1 Sept 2002 China Hi-Tech Exhibition Centre, Shenzhen	Shenzhen International Corporate Finance Expo 2002 (“SICFE 2002”)
5–8 September 2002 Shunde Exhibition Centre	1st Shunde International Machinery & Materials Exhibition 1st Shunde International Plastics, Rubber & Packaging Exhibition
12–14 September 2002 Guangdong Modern International Exhibition Centre	South China International Printed Circuit & Equipment Fair
23–26 September 2002 Wuhan International Convention & Exhibition Centre	Wuhan Expo – International Machinery & Materials Exhibition Wuhan Expo – International Industry Automation & Control, Instrumentation Exhibition

The Group's turnover for the three months and six months ended 30 September 2002 amounted to approximately HK\$10,552,000 and HK\$19,847,000 respectively and represented a significant growth of 314% and 39.3% from the corresponding three months and six months ended 30 September 2001 which amounted to approximately HK\$2,549,000 and HK\$14,252,000 respectively. Such increase was due to the fact that the Group has launched and organised a number of new exhibitions in other major cities in the PRC, which covered diversified sectors and generated significant revenue to the Group during the six months ended 30 September 2002.

The Group recorded net (loss)/profit attributable to shareholders of approximately HK\$(105,000) and HK\$828,000 for the three months and six months ended 30 September 2002 respectively. This represented substantial improvements as compared with the net loss attributable to shareholders of approximately HK\$4,889,000 and HK\$1,720,000 for the corresponding three months and six months ended 30 September 2001. The favourable financial performance was attributable to the Group's success in organising the existing exhibitions and diversifying the Group's exhibition business into other major cities in the PRC.

Liquidity, financial resources and capital structure

The Group generally finances its daily operations from internally generated cash flows. The Group's total assets increased by 9% to approximately HK\$24,671,000 as at 30 September 2002, compared to approximately HK\$22,628,000 as at 31 March 2002.

The Group's current assets as at 30 September 2002 amounted to approximately HK\$23,877,000 and comprised trade and other receivables of approximately HK\$13,195,000, tax refundable of approximately HK\$570,000 and cash and bank balances of approximately HK\$10,112,000. As at 30 September 2002, the Group had net assets of approximately HK\$15,488,000 and had no borrowings or long-term liabilities. The Group's financial position is healthy, positioning the Group advantageously to expand its core business and to achieve its business objectives.

The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 30 September 2002, is 59.3% (31 March 2002: 29.6%). Such increase was mainly due to the significant increase in sales deposits received during the six months ended 30 September 2002 which amounted to approximately HK\$4,641,000, represented a 228.4% increase as compared to approximately HK\$1,413,000 as at 31 March 2002.

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Since the functional currencies of the Group's operations are Hong Kong dollars and Renminbi, the Directors consider that the potential foreign exchange exposure of the Group is limited.

Investment held and material acquisitions and disposals

There were no material acquisitions and disposals of subsidiaries in the course of the period.

Employees and remuneration policies

As at 30 September 2002, the Group had 30 employees, including Directors. Total staff costs for the six months ended 30 September 2002, including directors' remuneration, amounted to approximately HK\$5,415,000 (six months ended 30 September 2001: approximately HK\$4,692,000). The Group's employment and remuneration policies remained the same as detailed in the 2002 Annual Report.

Charges on Group's assets and contingent liabilities

There were no charges on the Group's assets or any significant contingent liabilities as at 30 September 2002 and 31 March 2002.

Future plans and prospects

The Group will continue building critical mass in organising the existing exhibitions, growing revenues and diversifying the Group's exhibition business. In particular, the Group will organise exhibitions in Vietnam and in Dongguan, Chongqing and Shanghai, the PRC in the second half of the financial year ending 31 March 2003.

Set out below is a schedule of exhibitions that will be organised by the Group, together with the proposed dates and venues, for the second half of the financial year ending 31 March 2003:

Proposed dates and venues	Exhibitions
6–9 November 2002 Ho Chi Minh International Convention & Exhibition Centre	Vietnam Linkage Industry Exhibition – Plastics, Packaging, Printing, Machine Tools, Metalworking, Automation, Food Machinery
15–18 November 2002 Ho Chi Minh International Convention & Exhibition Centre	Vietnam Linkage Industry Exhibition – Textile, Garment, Fabrics, Apparel Accessories, Leather & Shoes Technology
20–23 November 2002 Shanghai Everbright Convention & Exhibition Centre	Shanghai International Linkage Industry Exposition 2002 Shanghai International Machinery Equipment & Technology Exhibition Shanghai International Mould & Machinery Equipment Exhibition Shanghai International Exhibition on Plastics & Rubber Industries
30 November to 3 December 2002 Chongqing Technology Exhibition Centre	4th Chongqing Hi-Tech Fair – Chongqing International Corporate Finance Exhibition (CQICFE 2002)
5–8 December 2002 GD Modern International Exhibition Centre (“GD MIEC”)	4th Dongguan International Machinery & Materials Exhibition 4th Dongguan International Plastics & Packaging Exhibition
6–9 March 2003 GD MIEC	4th Dongguan International Textiles & Clothing Fair 3rd Dongguan International Footwear, Leather & Bags Technology & Equipment Fair
14–17 March 2003 HKCEC	15th Hong Kong International Machine Tool-Linkage Industry Exhibition 2003 11th Hong Kong International Plastics Exhibition 10th Hong Kong International Packaging Exhibition
21–23 March 2003 HKCEC	Sports Fair 2003

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Based on the Group's past success in organising the aforesaid exhibitions, the Group expects these exhibitions to generate substantial revenue and satisfactory financial returns in the second half of the financial year ending 31 March 2003.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

A comparison of the business objectives as stated in the Company's prospectus with the Group's actual business progress up to 30 September 2002 is set out below:

Business objectives as stated in the prospectus in respect of the six months ended 30 September 2002

Actual business progress in respect of the six months ended 30 September 2002

Expansion of traditional exhibition business by

- (1) geographical expansion;
- (2) regionalise the existing exhibitions; and
- (3) diversify the scope of exhibitions

through the following implementation plans:

Continue to organise the following exhibitions:

- | | |
|--|---|
| <ul style="list-style-type: none">• South China International Plastics & Packaging Exhibition• South China International Machinery & Materials Exhibition• Mould & Die South China | These three exhibitions were held in May 2002 as planned. |
| <ul style="list-style-type: none">• Dongguan International Surface Finishing Exhibition• Dongguan International Coating Exhibition | These two exhibitions were held in June 2002 as planned. |
| <ul style="list-style-type: none">• Hong Kong Health Expo• Hong Kong Beauty & Skincare Expo | These two exhibitions were held in July 2002 as planned. |

- Dongguan International Exhibition of IT Solutions for Manufacturing Enterprises

Owing to the adverse general market sentiment towards e-commerce and information technology in recent months, the Group has discontinued organising this exhibition.

Search for and establish strategic alliances with overseas exhibition organisers to organise exhibitions in Taiwan and South East Asia

Commence to organise the following exhibitions:

- Manufacturing Exhibitions in Vietnam
- Material Handling & Logistics Exhibition in Guangzhou

These exhibitions will be held in November 2002 as planned, details of the proposed dates and venues are set out in the section headed "Management discussion and analysis" under the paragraph headed "Future plans and prospects".

Owing to the relatively keen competition in this market, the Group has been cautious in committing itself in organising this exhibition as the Group has no competitive advantages of organising exhibitions in this sector. The Group is currently conducting further feasibility studies in this regard. Management has considered to postpone this plan and decided that it is more beneficial to concentrate its existing resources on organising machinery and manufacturing exhibitions in Vietnam and in Dongguan, Shunde, Chongqing and Shanghai, the PRC.

PLACING AND USE OF PROCEEDS

The Group raised approximately HK\$11.6 million (including issue of additional shares upon exercise of the over-allotment option and after deducting related listing expenses) through the issue of 80 million new shares at HK\$0.25 per share. During the period from 2 November 2001 (the date of listing of the Company's shares on GEM) to 30 September 2002, the Group has applied the net proceeds as follows:

	Use of proceeds as stated in the prospectus	Actual amount utilised up to 30 September 2002	31 March 2002
		<i>(HK\$ million)</i>	
Expansion of the Group's exhibition business in Asia	8.0	2.0	–
Establishing strategic collaborations, joint ventures or undertaking acquisitions in the People's Republic of China (the "PRC")	3.0	0.5	–
General working capital for the Group	0.6	0.6	0.6
Unused proceeds as at 30 September 2002/ 31 March 2002 placed with licensed banks in Hong Kong and will be used to achieve the objectives as stated in the Company's prospectus dated 29 October 2001	–	8.5	11.0
Total	11.6	11.6	11.6

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2002, the interests of the Directors in the shares of the Company (the "Shares") as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Number of Shares

Name	Personal interests	Family interests	Corporate interests	Percentage of interest
Mr. Leung Tin Fu (<i>Note 1</i>)	–	–	509,840,000	63.68%
Mr. Cheng Kwok Lai (<i>Note 2</i>)	–	6,800,000	–	0.85%
Mr. Chan Wing Sum (<i>Note 3</i>)	4,800,000	8,000,000	–	1.60%
Mr. Kwok Kam Tim	8,000,000	–	–	1.00%

Notes:

1. These Shares are held by Advagate Holdings Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Leung Tin Fu.
2. These Shares are owned by Ms. Cheng Mei Ching, the wife of Mr. Cheng Kwok Lai. Mr. Cheng Kwok Lai is deemed to be interested in such Shares pursuant to the SDI Ordinance.
3. Mr. Chan Wing Sum got married with Ms. Lok Suet Lin on 14 July 2002. Mr. Chan Wing Sum is deemed to be interested in the 8,000,000 Shares owned by Ms. Lok Suet Lin pursuant to the SDI Ordinance.

DIRECTORS' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

Pursuant to the shares option scheme (the "Scheme") adopted by the Company on 22 October 2001 (as more particularly described in Appendix IV to the Company's prospectus dated 29 October 2001), certain Directors were granted share options during the six months ended 30 September 2002 to subscribe for Shares, details of which were as follows:

Name of Directors	Date of grant	Number of share options granted during the period and outstanding as at		Option period	Exercise price per Share
			30 September 2002		
Mr. Cheng Kwok Lai	10 July 2002		8,000,000	10 July 2002 – 9 July 2012	\$0.08
Mr. Chan Wing Sum	10 July 2002		8,000,000	10 July 2002 – 9 July 2012	\$0.08
Mr. Kwok Kam Tim	10 July 2002		8,000,000	10 July 2002 – 9 July 2012	\$0.08

Note 1: The weighted average closing price of the Shares immediately before the date on which the options were offered is HK\$0.08.

Save as disclosed above, none of the Directors or their spouse or children under the age of 18 was granted by the Company or any of its subsidiaries any right to subscribe for equity or debt securities of the Company, or had exercised any such right during the period.

OUTSTANDING SHARE OPTIONS

Save as those share options granted to the Directors as disclosed above, during the six months ended 30 September 2002, the Company has granted options under the Scheme to four persons who are employees and consultant of the Company at the date of grant, details of which were as follows:

	Date of grant	Number of share options granted during the period and outstanding as at 30 September 2002	Option period	Exercise price per Share
Employees	10 July 2002	16,000,000	10 July 2002 – 9 July 2012	\$0.08
Consultant	10 July 2002	4,000,000	10 July 2002 – 9 July 2012	\$0.08

Note 1: The weighted average closing price of the Shares immediately before the date on which the options were offered is HK\$0.08.

Valuation of share options

The options granted to the Directors, employees and consultant of the Company are not recognised in the financial statements until they are exercised. The Directors consider that it is not appropriate to state the value of the share options granted during the period on the ground that a number of variables which are crucial for the valuation of the option value cannot be reasonably determined. Accordingly, the Directors believe that any valuation of the share options based on such speculative assumptions would not be meaningful and may be misleading to the shareholders.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2002, the following entity had or deemed to have interest of ten percent or more of the issued share capital of the Company, as recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares held	Percentage of interest
Advagate Holdings Limited (<i>Note</i>)	509,840,000	63.68%
Mr. Leung Tin Fu (<i>Note</i>)	509,840,000	63.68%

Note: Advagate Holdings Limited is wholly owned by Mr. Leung Tin Fu.

Save as disclosed above, the Company has not been notified of any other interests representing ten percent or more of the issued share capital of the Company as at 30 September 2002.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from 1 April 2002 to the date of this report.

SPONSOR'S INTERESTS

Pursuant to a sponsorship agreement dated 26 October 2001 entered into between the Company and CSC Asia Limited ("CSC Asia"), CSC Asia receives a fee for acting as the sponsor of the Company for the purpose of Chapter 6 of the GEM Listing Rules for the period from 2 November 2001 (being the listing date) to 31 March 2004.

None of CSC Asia, its directors, employees nor their associates had any interests in the securities of the Company or any member of the Group, or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for the securities of the Company or any member of the Group as at 30 September 2002.

COMPETING INTERESTS

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company or their respective associates had any interest in a business which competed or might compete with business of the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises two independent non-executive Directors, namely Mr. Leung Chi Kong and Ms. Lam Tung Ming, Eileen. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's annual reports and accounts, and half yearly and quarterly reports. The audit committee has met five times since its formation in October 2001.

BOARD PRACTICES AND PROCEDURES

In the opinion of the Directors, during the six months ended 30 September 2002, the Company has complied with the "Board Practices and Procedures" as set out in Rules 5.28 to 5.39 of the GEM Listing Rules, except that the independent non-executive Directors are not appointed for specific terms and are subject to re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association.

By order of the Board
Leung Tin Fu
Chairman

Hong Kong, 4 November 2002