

## RESULTS

For the six months ended 30th June 2003, the unaudited turnover of U-Cyber Technology Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group") increased by 371% to approximately HK\$113,382,000 as compared to HK\$24,081,000 in the corresponding period for 2002. The loss attributable to shareholders decreased by 68% to approximately HK\$8,765,000 (2002: HK\$27,382,000).

During the period, the disposal of the Group's 42% interest in Beijing Glory Real Estate Development Company Limited ("Beijing Glory") was completed with a gain on disposal of HK\$10,880,000. Other major revenues of the Group included sales of electronic components and the Group had not disposed of any property during the period under review.

Due to the deemed partial disposal of interest by the dilution effect following the issue and allotment of new shares by INNOMAXX Biotechnology Group Limited ("INNOMAXX"), an associated company of the Group listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the share of net assets of the Group in INNOMAXX has been reduced and a loss of HK\$3,484,000 resulted to the Group for the period. Overall operating loss of the Group for the period decreased by 74% to HK\$5,158,000 from HK\$20,081,000 in 2002.

## INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the period ended 30th June 2003 (2002: Nil).

## BUSINESS REVIEW

### Technology-related Business

Strong Way International Limited ("SWIL"), the Group's 60% interest subsidiary company, is principally engaged in design and distribution of "SONIX" brand integrated circuits for toy manufacturing in Hong Kong and the South East Asia Region. Following SONIX's announcement to launch a series of Digital Signal Processor (DSP) for educational toys, SWIL has already expanded its engineering and sales departments to explore the potential market in the USA and Mainland China. After one year's development, SWIL's Guangzhou office has already built up good business relationship with a number of household appliances manufacturers in Mainland China, which provide good foundation for its future business growth.

### **Property-related Business**

On 16th August 2001, the Group entered into an agreement with another shareholder of Beijing Glory, a jointly controlled entity in Mainland China which carries on the business of property development, sale and rental of Fairview Garden, a property project in Chaoyang District, Beijing, Mainland China, in relation to the sale of 42% interest in Beijing Glory and the transfer of indebtedness from Beijing Glory to the Group to that shareholder at a total consideration of RMB110,000,000 (approximately HK\$103,400,000), which was subsequently adjusted to RMB100,500,000 (approximately HK\$94,181,000) in January 2003. The transaction was completed in May 2003. The Group currently holds 8% interest in Beijing Glory. The disposal of the interest in Beijing Glory made available additional financial resources for new investments of the Group.

As announced by the Company on 27th June 2003, the Company entered into an agreement to dispose the entire issued share capital of Tak Swi Investment Limited ("Tak Swi") and assign the shareholder's loan owing from Tak Swi to the Company to an independent third party at a consideration of RMB18,000,000 (approximately HK\$16,288,000). The sole asset of Tak Swi was a 31.5% interest in Beijing Long Quan Hotel Limited ("Beijing Long Quan"). The disposal was completed in August 2003.

### **Biotechnology Business**

As at 30th June 2003, the Group held 10.84% of the issued capital of INNOMAXX, the Group's investment vehicle in biotechnology field.

Cell Therapy Technologies Centre Limited ("CTTC"), a wholly owned subsidiary company of INNOMAXX, is principally involved in the processing, storage, matching and use of umbilical cord blood stem cells and the research and commercial development of stem cells for therapeutic and scientific applications. CTTC's financial performance in the first half of the year 2003 reflected some underlying strengths. The storage fees has increased by 32% over the previous period. This growing storage fee provides a predictable and expanding source of recurring revenue and is a significant contributor to a healthy cash flow performance.

## FINANCING

All the Group's funding and treasury activities are centrally managed and controlled at the corporate level. Following the disposal of non-core business and assets, the financial position of the Group has been improved. The Group's cash and bank balances and other short-term investments as at 30th June 2003 amounted to HK\$4,503,000 (31st December 2002: HK\$5,744,000).

As at 30th June 2003, the Group had net current liabilities of HK\$48,507,000 (31st December 2002: HK\$27,892,000) and a current ratio of 0.36 (31st December 2002: 0.79). The gearing ratio, as a ratio of total bank borrowings to shareholders' funds, was 97% (31st December 2002: 93%). The Group's consolidated bank borrowing which was denominated in HK dollar and carried interest rate at 1.5% per annum below the Best Lending Rate of the Bank, totalled HK\$58,846,000 (31st December 2002: HK\$64,369,000). As at 30th June 2003, the Group pledge certain investment properties in Hong Kong with carrying value of HK\$84,500,000 (31st December 2002: HK\$84,500,000) as securities for the bank loans amounted to HK\$57,836,000 (31st December 2002: HK\$62,079,000).

As most of the cash reserves were placed in HK dollar short-term deposits with major banks in Hong Kong, exposure to exchange fluctuation is minimal.

## PROSPECTS

The Board believes that both the turnover and profit of SWIL will achieve high growth rates in forthcoming years. The establishment of a representative office in Guangzhou, the PRC recently, also aims at marketing the new computer peripherals and home appliances products of SONIX brand to embark on the enormous market of Mainland China, the prospect of which is optimistic.

On the other hand, INNOMAXX will continue to act as the investment vehicle of the Group in biotechnology business.

As a whole, the Group will actively identify opportunities to invest in the property, mainly in Mainland China, and technology-related business so as to bring in significant improved returns and contribute enhanced value to our shareholders.

## **SHARE OPTION SCHEME**

Under the terms of the Company's share option schemes (the "Schemes") approved by the shareholders on 13th June 1996 and 22nd May 2000, the Directors of the Company may, at their discretion, offer any employees (including any Directors) of the Company or of any of its subsidiary companies options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Schemes.

All the options granted previously under the Schemes have been lapsed in the year 2002. During the period, no option has been granted and there was no outstanding share option as at 30th June 2003.

Save as disclosed above, during the six months ended 30th June 2003, none of the Directors and Chief Executive of the Company nor any of their spouse or children under 18 was granted or holding options to subscribe for shares in the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), nor had exercised such rights.

Apart from the foregoing, at no time during the period was the Company or any of its subsidiary companies a party to any arrangements to enable the Directors of the Company or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **DIRECTORS' INTERESTS IN CONTRACT**

During the period under review, the Group paid legal and professional fees amounting to HK\$100,000 to Messrs. Alfred Lam, Leung & Ko, Solicitors & Notaries, for professional services rendered to the Group. Mr. Ko Ming Tung, Edward is a partner of the firm.

Other than as disclosed above, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiary companies was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

At 30th June 2003, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### **(a) Issued Share Capital**

<b>Director</b>	<b>Capacity in which such interests are held</b>	<b>Number of Shares</b>	<b>Percentage of Shareholding</b>
Tong Nai Kan	Corporate	60,000,000	12.23

*Note:* These Shares are beneficially owned by and registered in the name of Gold Blue Group Limited, which is 100% beneficially owned by Mr. Tong Nai Kan.

### **(b) Share Options**

Details of the Directors' personal interests in the share options to subscribe for shares in the Company are set out in the section headed "Share Option Scheme" above.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY**

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30th June 2003, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

## Company - Long position in shares

<b>Corporate Interest</b>	<b>Number of shares</b>	<b>Percentage of issued share capital</b>
Gold Blue Group Limited	60,000,000	12.23

*Note:* These Shares are beneficially owned by and registered in the name of Gold Blue Group Limited, which is 100% beneficially owned by Mr. Tong Nai Kan.

Save as disclosed above, as at 30th June 2003, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

## Subsidiaries of the Company - Long position in shares

<b>Name of subsidiary</b>	<b>Name of beneficial owner</b>	<b>Percentage of issued share capital</b>
Strong Way International Limited	Woo Chu Kwok	13
	Chan Chiu Shing	13
	Tsoi Hung Kwan	14
Wealcome Limited	Hopson Asia Limited	45

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Company, internal control and financial reporting matters including a review of the interim financial statements.

## **HUMAN RESOURCES**

As at 30th June 2003, the Group had 47 employees in Hong Kong and 24 employees in Mainland China. Employee remunerations are in accordance with the nature of their duties and remain competitive under current market trend. Staff benefits include medical schemes, Mandatory Provident Fund schemes and share option scheme for Hong Kong employees.

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

In the opinion of the Board, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules on the Stock Exchange throughout the accounting period under review.

## **PURCHASE, SALE OR REDEMPTION OF SHARES IN THE COMPANY**

During the period under review, neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any shares in the Company.

## **ACKNOWLEDGEMENT**

The Board would like to take this opportunity to express our sincere thanks to our shareholders for their support and to our staff for their contributions and diligence during the period.

By Order of the Board

**Tong Nai Kan**

*Chairman and Managing Director*

Hong Kong, 17th September 2003

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**For the six months ended 30th June 2003**

		<b>2003</b>	2002
	<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Turnover	2	<b>113,382</b>	24,081
Cost of sales		<b>(97,345)</b>	(18,853)
Gross profit		<b>16,037</b>	5,228
Other revenues		<b>1,244</b>	1,837
Administrative expenses		<b>(18,955)</b>	(18,210)
Loss on deemed partial disposal of an associated company		<b>(3,484)</b>	(8,936)
Operating loss	4	<b>(5,158)</b>	(20,081)
Financial expenses	5	<b>(2,395)</b>	(3,130)
Share of loss of a jointly controlled entity		<b>(827)</b>	(397)
Share of losses of associated companies		<b>(1,410)</b>	(3,079)
Loss before taxation		<b>(9,790)</b>	(26,687)
Taxation credit/(charge)	6	<b>19</b>	(78)
Loss after taxation		<b>(9,771)</b>	(26,765)
Minority interests		<b>1,006</b>	(617)
Loss attributable to shareholders		<b>(8,765)</b>	(27,382)
		<b><i>HK Cents</i></b>	<i>HK Cents</i>
Loss per share	7	<b>(1.8)</b>	(5.6)

**CONSOLIDATED BALANCE SHEET****As at 30th June 2003**

		<b>30th June 2003 HK\$'000</b>	31st December 2002 HK\$'000
Non-current assets			
Fixed assets	8	<b>86,095</b>	86,335
Goodwill	8	<b>35,474</b>	37,646
Jointly controlled entity		<b>9,212</b>	10,039
Associated companies		<b>32,224</b>	36,769
Long-term investments		<b>11,679</b>	11,679
		<u><b>174,684</b></u>	<u>182,468</u>
Current assets			
Inventories		<b>6,267</b>	5,056
Investments held for sale		—	83,301
Debtors and prepayments	9	<b>16,840</b>	12,828
Cash and bank balances		<b>4,503</b>	5,744
		<u><b>27,610</b></u>	<u>106,929</u>
Current liabilities			
Creditors and accruals	10	<b>44,252</b>	101,057
Current portion of long-term bank loans	11	<b>19,644</b>	18,922
Short-term loans		<b>10,231</b>	12,300
Taxation		<b>1,990</b>	2,542
		<u><b>76,117</b></u>	<u>134,821</u>
Net current liabilities		<u><b>(48,507)</b></u>	<u>(27,892)</u>
Employment of funds		<u><b>126,177</b></u>	<u>154,576</u>
Financed by:			
Share capital	12	<b>490,584</b>	490,584
Reserves		<b>(430,147)</b>	(421,384)
Shareholders' funds		<b>60,437</b>	69,200
Minority interests		<b>422</b>	1,428
Long-term liabilities	11	<b>65,318</b>	83,948
Funds employed		<u><b>126,177</b></u>	<u>154,576</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 30th June 2003**

	Share capital	Share premium	Capital redemption reserve	Capital reserve	Exchange reserve	Accumulated loss	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st December 2002	490,584	12,034	5,318	1,805	539	(441,080)	69,200
Changes in exchange rates	—	—	—	—	2	—	2
Loss for the period	—	—	—	—	—	(8,765)	(8,765)
<b>At 30th June 2003</b>	<b>490,584</b>	<b>12,034</b>	<b>5,318</b>	<b>1,805</b>	<b>541</b>	<b>(449,845)</b>	<b>60,437</b>
At 31st December 2001	490,584	12,034	5,318	1,805	476	(358,930)	151,287
Loss for the period	—	—	—	—	—	(27,382)	(27,382)
At 30th June 2002	490,584	12,034	5,318	1,805	476	(386,312)	123,905

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the six months ended 30th June 2003**

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
<b>Net cash (used in)/ from operating activities</b>	<b>(21,728)</b>	13,523
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	<b>(63)</b>	(79,391)
Purchase of long-term investment	—	(894)
Partial disposal of a jointly controlled entity	<b>33,419</b>	7,232
Disposal of a subsidiary company	<b>7,478</b>	—
Increase in amounts due from associated companies	<b>(370)</b>	—
<b>Net cash from/(used in) investing activities</b>	<b>40,464</b>	(73,053)
<b>Cash flows from financing activities</b>		
New long-term bank loans	—	53,200
Repayment of long-term bank loans	<b>(3,455)</b>	(1,436)
Repayment of advances from a Director	<b>(14,453)</b>	—
Decrease in short-term loan repayable more than three months from the date of advance	<b>(2,069)</b>	—
<b>Net cash (used in)/ from financing activities</b>	<b>(19,977)</b>	51,764
<b>Decrease in cash and cash equivalents</b>	<b>(1,241)</b>	(7,766)
<b>Cash and cash equivalents at beginning of period</b>	<b>5,744</b>	8,751
<b>Cash and cash equivalents at end of period</b>	<b>4,503</b>	985
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	<b>4,503</b>	4,985
Bank overdrafts	—	(4,000)
	<b>4,503</b>	985

**NOTES TO THE INTERIM ACCOUNTS**  
**For the six months ended 30th June 2003**

**1 Basis of preparation and accounting policies**

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain properties, and in accordance with generally accepted accounting principles in Hong Kong.

In 2003, the Group adopted the revised Statement of Standard Accounting Practice No. 12 "Income taxes" issued by the Hong Kong Society of Accountants. Under the revised standard, deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associated companies and jointly controlled entities except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior years, deferred taxation was accounted for using the liability method at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the revised standard represents a change in accounting policy but the effect of such change is not significant to the results of the Group.

Apart from the foregoing, the accounting policies adopted for the preparation of these accounts are consistent with those used in the annual accounts for the year ended 31st December 2002.

## 2 Turnover

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Sales of investments	<b>94,181</b>	—
Sales of electronic components	<b>18,130</b>	23,218
Property rental	<b>1,071</b>	472
Project management and service	<b>—</b>	391
	<u><b>113,382</b></u>	<u>24,081</u>

## 3 Segment information

The Group is principally engaged in property investment and technology-related business. An analysis of the turnover and operating results by principal activities is as follows:

	<b>Property investment</b>	<b>Technology</b>	<b>Corporate and others</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Period ended</b>				
<b>30th June 2003</b>				
Turnover	<u>95,252</u>	<u>18,130</u>	<u>—</u>	<u>113,382</u>
Segment results	11,970	(4,764)	(12,364)	(5,158)
Financial expenses				(2,395)
Share of results of				
Jointly controlled entity	—	—	(827)	(827)
Associated companies	—	(1,410)	—	(1,410)
Loss before taxation				(9,790)
Taxation credit				19
Minority interests	—	1,004	2	<u>1,006</u>
Loss attributable to shareholders				<u>(8,765)</u>

	<b>Property investment</b>	<b>Technology</b>	<b>Corporate and others</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Period ended</b>				
<b>30th June 2002</b>				
Turnover	472	23,609	—	24,081
Segment results	391	(1,195)	(19,277)	(20,081)
Financial expenses				(3,130)
Share of results of				
Jointly controlled entity	—	—	(397)	(397)
Associated companies	(1,704)	(325)	(1,050)	(3,079)
Loss before taxation				(26,687)
Taxation charge				(78)
Minority interests	—	(617)	—	(617)
Loss attributable to shareholders				(27,382)

A summary of geographical segments is set out as follows:

	<b>2003</b>		2002	
	<b>Turnover</b>	<b>Operating results</b>	Turnover	Operating results
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	19,201	(15,864)	23,690	(19,515)
Mainland China	94,181	10,706	391	(566)
	<u>113,382</u>	<u>(5,158)</u>	<u>24,081</u>	<u>(20,081)</u>

#### 4 Operating loss

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Operating loss is stated after crediting:		
Gross rental income	<b>1,071</b>	472
Less: related outgoings	<b>(24)</b>	(81)
Bad debts recovered	<b>600</b>	—
	<u><u>          </u></u>	<u><u>          </u></u>
and after charging:		
Staff costs (including Directors' emoluments)	<b>11,973</b>	9,924
Depreciation	<b>303</b>	385
Operating lease rental expenses for land and buildings	<b>85</b>	1,316
Amortisation of goodwill	<b>2,172</b>	2,172
Loss on disposal of fixed assets	<b>—</b>	209
	<u><u>          </u></u>	<u><u>          </u></u>

#### 5 Financial expenses

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Interest on bank loans and overdrafts	<b>1,285</b>	1,016
Interest on short-term loans	<b>1,110</b>	2,114
	<u><u>          </u></u>	<u><u>          </u></u>
	<b>2,395</b>	3,130
	<u><u>          </u></u>	<u><u>          </u></u>

## 6 Taxation credit/(charge)

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Company and subsidiary companies		
Hong Kong profits tax	<b>40</b>	(2)
Associated companies		
Overseas taxation	<b>(21)</b>	(76)
	<u><b>19</b></u>	<u>(78)</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

In June 2002, the Board of Review of the Inland Revenue Department determined that a subsidiary company is liable to Hong Kong profits tax and surcharges totalling approximately HK\$89.5 million in respect of its profit from the disposal of properties in 1994 and 1995. The Directors however maintain their opinion that such profit is capital in nature and therefore not subject to Hong Kong profits tax. Since the subsidiary company has no meaningful assets and therefore does not have the ability to pay the tax and surcharges nor file further objections against this determination. However, no other company within the Group is liable for any tax or surcharges payable by the subsidiary company and the rest of the Group will not provide funds to the subsidiary company to satisfy the tax and surcharges in question. In view of the foregoing, the Directors consider it is not appropriate to make any provision for the above tax and surcharges payable in the accounts.

## 7 Loss per share

The calculation of loss per share is based on the loss attributable to shareholders for the period of HK\$8,765,000 (2002: HK\$27,382,000) and 490,584,391 shares in issue during the periods.

Diluted loss per share is not presented as there are no dilutive potential shares for the options granted under the Company's share option schemes.

## 8 Capital expenditure

	<b>Fixed assets</b>	<b>Goodwill</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net book amount			
At 31st December 2002	86,335	37,646	123,981
Additions	63	—	63
Depreciation and amortisation	(303)	(2,172)	(2,475)
	<u>86,095</u>	<u>35,474</u>	<u>121,569</u>
At 30th June 2003	<u>86,095</u>	<u>35,474</u>	<u>121,569</u>
Net book amount			
At 31st December 2001	46,402	41,990	88,392
Additions	79,391	—	79,391
Disposals	(209)	—	(209)
Depreciation and amortisation	(385)	(2,172)	(2,557)
	<u>125,199</u>	<u>39,818</u>	<u>165,017</u>
At 30th June 2002	<u>125,199</u>	<u>39,818</u>	<u>165,017</u>

## 9 Debtors and prepayments

	<b>30th June</b>	31st December
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Trade debtors	<b>9,696</b>	4,225
Other debtors	<b>3,996</b>	4,681
Loan receivable	<b>—</b>	200
Deposits and prepayments	<b>3,148</b>	3,722
	<b>16,840</b>	12,828

Rental income from tenants is due and payable in advance. The credit terms granted to trade debtors in respect of sales of electronic components and management services are usually 30 to 45 days. The ageing analysis of the Group's trade debtors, based on the dates of the invoices, is as follows:

	<b>30th June</b>	31st December
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Below 30 days	<b>4,895</b>	1,840
30 to 60 days	<b>2,700</b>	1,133
61 to 90 days	<b>1,312</b>	384
Over 90 days	<b>789</b>	868
	<b>9,696</b>	4,225

## 10 Creditors and accruals

	<b>30th June 2003 HK\$'000</b>	31st December 2002 HK\$'000
Trade creditors	<b>18,234</b>	10,258
Other creditors	<b>20,056</b>	73,520
Amount due to a Director	<b>914</b>	12,087
Accrued expenses	<b>5,048</b>	5,192
	<b>44,252</b>	101,057

Other creditors include deposit of HK\$7,478,000 received in respect of the sale of the Group's interest in Tak Swi (note 16(b)). At 31st December 2002, other creditors included deposits of HK\$60,762,000 received in respect of the sale of the Group's 42% equity interest in and amount receivable from Beijing Glory, formerly a jointly controlled entity of the Group.

The amount payable to the Director, Mr. Tong Nai Kan, is unsecured, interest free and has no specific repayment terms.

The ageing analysis of the Group's trade creditors, based on the dates of the invoices, is as follows:

	<b>30th June 2003 HK\$'000</b>	31st December 2002 HK\$'000
Below 30 days	<b>6,661</b>	1,514
30 to 60 days	<b>5,351</b>	1,324
61 to 90 days	<b>3,607</b>	2,212
Over 90 days	<b>2,615</b>	5,208
	<b>18,234</b>	10,258

## 11 Long-term liabilities

	<b>30th June 2003 HK\$'000</b>	31st December 2002 HK\$'000
Secured loans not wholly repayable within five years	<b>56,405</b>	58,579
Unsecured bank loan	<b>1,010</b>	2,291
Advances from a Director	<b>27,547</b>	42,000
	<b>84,962</b>	102,870
Current portion included under current liabilities	<b>(19,644)</b>	(18,922)
	<b>65,318</b>	83,948

## 12 Share capital

	<b>30th June 2003 HK\$'000</b>	31st December 2002 HK\$'000
Authorised: 1,000,000,000 shares of HK\$1 each	<b>1,000,000</b>	1,000,000
Issued and fully paid: 490,584,391 shares of HK\$1 each	<b>490,584</b>	490,584

### 13 Commitments

#### (a) Operating lease commitments

The future aggregate minimum lease rental expense in respect of land and buildings under non-cancellable operating leases is payable in the following years:

	<b>30th June</b> <b>2003</b> <b>HK\$'000</b>	31st December 2002 <i>HK\$'000</i>
2003	<b>230</b>	508
2004	<b>153</b>	153
	<u><b>383</b></u>	<u>661</u>

#### (b) Operating lease rental receivable

The future aggregate minimum lease rental income in respect of land and buildings under non-cancellable operating leases is receivable in the following years:

	<b>30th June</b> <b>2003</b> <b>HK\$'000</b>	31st December 2002 <i>HK\$'000</i>
2003	<b>1,149</b>	720
2004	<b>1,610</b>	140
2005	<b>295</b>	—
	<u><b>3,054</b></u>	<u>860</u>

### 14 Contingent liabilities

(a) The Company has provided guarantees in respect of loan facilities granted to subsidiary companies amounting to HK\$7,219,000 (31st December 2002: HK\$8,856,000).

(b) The Company has provided guarantees to banks in respect of mortgage loans made available to the purchasers of properties developed by a former jointly controlled entity, Beijing Glory, in Mainland China. At 30th June 2003, the outstanding guarantee for such mortgage loans amounted to HK\$2,744,000 (31st December 2002: HK\$3,179,000).

## 15 Related party transactions

The following is a summary of the significant related party transactions carried out in the normal course of the Group's business activities during the period:

	<b>30th June 2003 HK\$'000</b>	30th June 2002 HK\$'000
Rental income	<b>460</b>	—
Management fee income	<b>460</b>	—
	<u><u>          </u></u>	<u><u>          </u></u>

The Group rented office premises to China Kent Development Limited, a wholly owned subsidiary company of INNOMAXX, an associated company of the Group, at a consideration of HK\$80,298 per month, as revised to HK\$58,000 per month since June 2003. The rental charge was arrived with reference to open market rate of similar commercial properties in the same district.

The Group has also provided administrative services to INNOMAXX since January 2003 in return for a management fee of HK\$76,600 per month. The management fee was negotiated on an arm's length basis.

## 16 Subsequent event

- (a) On 5th August 2003, INNOMAXX allotted and issued 287,000,000 new shares of HK\$0.10 each at an issue price of HK\$0.10 per share, thereby reducing the Group's equity interest from 10.84% to 9.03% and resulting in a loss on deemed partial disposal of approximately HK\$9,000,000.

On the same date, INNOMAXX also entered into agreements for the subscription of 280,000,000 new shares of HK\$0.10 each at a price of HK\$0.10 per share and convertible bond of HK\$36,000,000 at par. The bond will carry a right to convert into new shares of HK\$0.10 each in the issued share capital of INNOMAXX at an initial conversion price of HK\$0.10 per share, subject to adjustment. The issues of new shares and bond are conditional, inter alia, approved by shareholders in general meeting, and anticipated to be completed in October 2003.

- (b) On 26th August 2003, the Group completed the disposal of its entire equity interest in Tak Swi, a wholly owned subsidiary company which held 31.5% equity interest in Beijing Long Quan at the consideration of RMB18,000,000 (approximately HK\$16,288,000) and resulting in a gain on disposal of approximately HK\$7,000,000.