



即時科研集團有限公司*
Thiz Technology Group Limited

(incorporated in the Cayman Islands with limited liability)

Interim Report 2002

* *For identification purpose only*

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 risks 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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcement in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM listed issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Thiz Technology Group Limited 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 Thiz Technology Group 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.

SUMMARY

- The Group recorded a turnover of approximately HK\$37,707,000 for the six months ended 30th September, 2002.
- Profit attributable to shareholders was approximately HK\$8,352,000.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the six months ended 30th September, 2002.

RESULTS

The board of Directors (the “Board”) of Thiz Technology Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and six months ended 30th September, 2002 together with the comparative unaudited figures for the corresponding periods in 2001 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the three months ended 30th September,		For the six months ended 30th September,	
		2002	2001	2002	2001
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	13,629	4,074	37,707	6,640
Cost of sales		(1,476)	(2,590)	(12,591)	(4,597)
Gross profit		12,153	1,484	25,116	2,043
Other income		26	159	59	260
Operating expenses		(10,103)	(3,727)	(16,823)	(5,719)
Profit/(Loss) from operations		2,076	(2,084)	8,352	(3,416)
Finance costs		–	–	–	–
Share of loss of a jointly controlled entity	3	–	(265)	–	(427)
Profit/(Loss) before tax	4	2,076	(2,349)	8,352	(3,843)
Taxation	5				
– Hong Kong		–	–	–	–
– Elsewhere		–	–	–	(2)
Profit/(Loss) for the period		2,076	(2,349)	8,352	(3,845)
Dividend		–	–	–	–
Earnings/(Loss) per share	6				
– Basic (in cents)		0.13	(0.15)	0.50	(0.26)
– Diluted (in cents)		0.13	–	0.50	–

CONDENSED CONSOLIDATED BALANCE SHEET

		At 30th September, 2002 (Unaudited) HK\$'000	At 31st March, 2002 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets		1,657	1,104
Interest in a jointly controlled entity	3	–	394
Product development costs		4,384	3,312
Goodwill	3	588	–
		<u>6,629</u>	<u>4,810</u>
CURRENT ASSETS			
Inventories		178	17
Trade receivables	7	18,388	5,291
Other receivables, deposits and prepayments		6,039	3,342
Pledged time deposit		300	300
Cash and bank balance		2,199	14,615
Tax recoverable		21	–
		<u>27,125</u>	<u>23,565</u>
CURRENT LIABILITIES			
Trade payables	8	86	906
Other payables, accruals and deposits received		1,974	2,054
Amount due to directors		3	65
Taxation		–	12
		<u>2,063</u>	<u>3,037</u>
NET CURRENT ASSETS		<u>25,062</u>	<u>20,528</u>
NET ASSETS		<u>31,691</u>	<u>25,338</u>
CAPITAL AND RESERVES			
Share capital		16,461	16,545
Reserves		15,230	8,793
SHAREHOLDERS' FUNDS		<u>31,691</u>	<u>25,338</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
Net cash outflow from operating activities	(7,689)	(6,767)
Net cash outflow from investing activities	(4,769)	(264)
Net cash outflow before financing activities	(12,458)	(7,031)
Net cash inflow from financing activities	42	26,143
(Decrease)/increase in cash and cash equivalents	(12,416)	19,112
Cash and cash equivalents at beginning of the period	14,915	503
Cash and cash equivalents at end of the period	2,499	19,615
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	2,199	19,615
Pledged time deposit	300	–
	2,499	19,615

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital HK\$'000	Share Premium HK\$'000	Special Reserves HK\$'000	Exchange Reserves HK\$'000	Accumulated Losses/ Retained Profits HK\$'000	Total HK\$'000
As at 1st April, 2001	1	–	380	–	(11,573)	(11,192)
Placing	2,600	–	–	–	–	2,600
Arising on the reorganisation	20	–	(20)	–	–	–
Capitalisation of loans from shareholders	7	9,916	–	–	–	9,923
Premium arising on placing	–	28,340	–	–	–	28,340
Share issue expenses	–	(4,766)	–	–	–	(4,766)
Capitalisation issue	13,917	(13,917)	–	–	–	–
Loss for the period	–	–	–	–	(3,845)	(3,845)
As at 30th September, 2001	<u>16,545</u>	<u>19,573</u>	<u>360</u>	<u>–</u>	<u>(15,418)</u>	<u>21,060</u>
As at 1st April, 2002	16,545	19,573	360	5	(11,145)	25,338
Repurchase of own shares	(84)	(1,915)	–	–	–	(1,999)
Profit for the period	–	–	–	–	8,352	8,352
As at 30th September, 2002	<u>16,461</u>	<u>17,658</u>	<u>360</u>	<u>5</u>	<u>(2,793)</u>	<u>31,691</u>

The special reserve of the Group represents the difference between the nominal value of shares of the Company and the nominal value of the shares of the subsidiaries acquired pursuant to the Reorganisation.

Notes:

1. (a) Group reorganisation and basis of preparation

The Company was incorporated in the Cayman Islands on 6th December, 2000 as an exempted company with limited liability under the Companies Law (2000 Revision).

Pursuant to a group reorganisation (the “Reorganisation”) to rationalize the structure of the Company and its subsidiaries in the preparation for the listing of the Company’s shares on GEM, the Company issued shares in exchange for the entire issued share capital of Thiz Technology Group (BVI) Holdings Limited and its subsidiaries and thereby became the holding company of the Group on 5th July, 2001.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated income statements have been prepared as if the Company had always been the holding company of the Group. In the opinion of the Directors, the consolidated income statements prepared on the above basis present fairly the results of the Group as a whole.

All significant intra-group transactions and balances have been eliminated on combination.

The principal accounting policies adopted in preparing the unaudited consolidated results conform with Statement of Standard Accounting Practice issued by the Hong Kong Society of Accountants.

The unaudited condensed financial statements have been prepared in accordance with the Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM Listing Rules”).

The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2002 except that the Group has adopted the following SSAPs for the first time in the current period:–

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 15 (revised)	:	Cash flow statements
SSAP 25	:	Interim financial reporting
SSAP 34	:	Employee benefits

(b) Goodwill

Goodwill represents the excess of the purchase consideration over the attributable share of the fair value of separable net assets of subsidiaries at the date of acquisition and is amortised on a straight line basis over five years from the date of acquisition of subsidiaries.

2. Turnover

Turnover represents the invoiced value of computer products sold and Group’s Linux based software products distributed, commission income, artwork and Web design services rendered, after allowances for returns and discounts and net of value-added tax.

	For the three months ended 30th September, 2002		For the six months ended 30th September, 2002	
	(Unaudited) HK\$’000	(Unaudited) HK\$’000	(Unaudited) HK\$’000	(Unaudited) HK\$’000
By Principal activities				
Distribution of Group’s Linux based software products	12,090	1,341	24,600	1,918
Sale of computer products	1,539	2,583	13,106	4,556
Commission income from sales of computer products	–	150	–	152
Artwork and Web design services income	–	–	1	14
	13,629	4,074	37,707	6,640
By Principal markets				
Hong Kong	137	2,076	7,111	4,342
PRC	43	668	299	684
Taiwan	12,096	1,330	24,474	1,486
USA	355	–	1,445	128
France	527	–	1,522	–
Others	471	–	2,856	–
	13,629	4,074	37,707	6,640

3. Share of loss of a jointly controlled entity

The amount represents the share of loss of Thiz Grandmass ERP Systems Limited (“Thiz ERP”) for the six months ended 30th September, 2002 and 30th September, 2001.

On 6th May, 2002, the Group acquired an additional 50% interest in Thiz ERP at a consideration of HK\$50,000 and resulted in goodwill of HK\$588,000 and thereafter Thiz ERP became a wholly owned subsidiary of the Company.

4. Profit/(loss) from operations

	For the three months ended 30th September, 2002		For the six months ended 30th September 2002	
	HK\$'000	2001 HK\$'000	HK\$'000	2001 HK\$'000
Profit/(loss) from operations has been arrived at after charging/(crediting)				
Cost of inventories sold	1,476	2,590	12,591	4,597
Amortisation of product development costs	243	–	388	–
Depreciation	138	32	273	61
Interest income	2	5	8	93

5. Taxation

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the six months ended 30th September, 2002 and 30th September, 2001.

Taxes on profits assessable elsewhere have been calculated at the rates to tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for deferred taxation has been made as the Group did not have any significant unprovided deferred tax in respect of the periods.

6. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings (2001: loss) per share is based on the profit attributable to shareholders of HK\$8,352,000 (2001: loss of HK\$3,845,000) and the weighted average of 1,646,060,000 ordinary shares (2001: 1,488,270,000) in issue during the period.

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share for the period ended 30th September, 2002 is based on the profit attributable to shareholders of HK\$8,352,000. The weighted average number of ordinary shares used in the calculation is the 1,646,060,000 ordinary shares, as used in the basic earnings per share calculation and the weighted average of 3,162,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options on the date when the share options were granted. No diluted loss per share for the period ended 30th September, 2001 has been presented as the potential shares issuable under the share options granted are anti-dilutive.

7. Trade receivables

The Group's trading terms with its customers are mainly on a cash-on-delivery basis, except for major customers, where an average credit period of 30 days is normally given.

The following is an aged analysis of trade receivables at the reporting date:–

	30th September, 2002 (Unaudited) HK\$'000	31st March, 2002 (Audited) HK\$'000
0-30 days	7,828	5,220
31-60 days	4,020	46
61-90 days	–	5
Over 90 days	6,540	20
	18,388	5,291

8. Trade payables

The following is an aged analysis of trade payables at the reporting date:–

	30th September, 2002 (Unaudited) HK\$'000	31st March, 2002 (Audited) HK\$'000
0-30 days	86	899
31-60 days	–	7
	86	906

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th September, 2002 (2001: Nil).

BUSINESS REVIEW AND PROSPECTS

Financial Performance

For the six months ended 30th September, 2002, the Group's consolidated turnover amounted to HK\$37,707,000, an increase of 468% are compared to HK\$6,640,000 for the corresponding period in 2001. For the period under review, the Group achieved a profit from operating activities of HK\$8,352,000 as compared to a loss of HK\$3,416,000 for the corresponding period in 2001. The net profit from ordinary activities attributable to shareholders for the six months ended 30th September, 2002 amounted to HK\$8,352,000, against a net loss of HK\$3,845,000 for the corresponding period in 2001.

Business Development

The Group is still recruiting more sales and marketing staff in PRC to join the sales and marketing team in order to grasp an opportunity to develop PRC markets which PRC has been joined into WTO recently.

Two new subsidiaries in which the Group wholly owned interest have been set up in Beijing and Shenzhen, the PRC. The subsidiaries will be responsible for the sales and marketing of the Group's products and services in the PRC. By the formation of the subsidiaries in the PRC, it is expected that the Group will penetrate into the PRC market gradually.

In order to boost our brand name in the international area, the Group joined the LinuxWorld Conference & Expo in San Francisco, USA, in August. It is the leading event focused exclusively on Linux and Open Source solutions. As the premier marketplace for Linux products and services, LinuxWorld features a high-level strategic and technical conference program.

During the conference and expo, our Group had a chance to introduce our products and services to potential customers and raise our brand-awareness in the international area.

Outlook

Our Group has provided the tailor-made Linux Solutions in PRC as the demand of such business will be enormous and generated huge profit. Recently, we have signed with some PRC partners which we provided the Linux manual and support the signing partners.

The establishment of a Level 1 American Depository Receipt ('ADR') program had been approved by the United States Securities and Exchange Commission. Trading of the ADRs has been commenced in the United States in the over-the-counter in October 2002. Through establishing the ADR program, the Group aims at expanding its shareholders base via wider and diversified securities markets, improving the liquidity of the shares of the Group and upgrading its corporate image and status.

COMPARISON OF BUSINESS OBJECTIVE WITH ACTUAL BUSINESS PROGRESS

**According to the business objectives
as stated in the Company's prospectus
dated 20th July, 2001**

**Actual business progress
in respect of the six months
period ended 30th September, 2002**

(1) Develop and improve ThizLinux

Launch ThizLinux desktop version to run
in Japanese

It has been completed

**(2) Develop applications software on Linux
platform with joint venture partners**

(a) Launch the accounting software that
runs on Linux

Software plan has been suspended, we try to
find partners rather to develop itself

(b) Distribute the accounting software
that runs on Linux in the PRC

Software plan has been suspended

(c) Start development work of Web-
based education platform with Yuan
Wang

To be developed in house

**(3) Develop Linux compatible Web
application softwares based on features
of the Group portals**

Develop and launch Linux compatible e-
shop software with uploading function

The project will be expected to complete in
mid year of 2003

(4) Marketing strategies

(a) Road show tour in the PRC to
promote the Group's Linux products

The road show has been postponed

(b) Joint promotion with Yuan Wang and
Great Asia

Software plan has been suspended

USE OF PROCEEDS

The Group has applied the net proceeds from the new issue of Shares by way of placing as follows:

	Originally planned* <i>HK\$'000</i>	Amount utilized up to 30th September, 2002 <i>HK\$'000</i>
Contribution to the joint ventures to develop application software on Linux	3,700	1,274
Setting up sales office in Beijing	3,000	3,308
Marketing and promotion	2,700	3,877
Enhancement of the Group's existing Linux products	2,000	1,781
Development of Web applications and other computing products/services	500	129
Purchase of hardware equipment	400	309
	12,300	10,678

* Amounts are extracted from the Company's prospectus dated 20th July, 2001 issued in relation to the Company's placing and proposed listing of shares on GEM.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, financial resources and capital structure

As at 30th September, 2002, the Group has net current assets of approximately HK\$32 million. The financial position of the Group remains healthy with a non-gearing capital structure.

Capital commitments and significant investments

As at 30th September, 2002, the Group did not have any significant capital commitments and significant investments.

Financial resources

As at 30th September, 2002, the Group had bank balances of approximately HK\$2.2 million. The Company intends to finance the Group's future operations, capital expenditure and other capital requirements with the existing bank balances available.

Material acquisitions/disposals

The Group had no material acquisitions/disposals during the reporting period.

Segmental information

An analysis of business and geographical segments is as follows:

	Turnover		Contribution to (Loss)/profit from operations	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Principal activities:				
Distribution of Group's Linux based software products	24,600	1,918	21,047	(88)
Sale of computer products	13,106	4,556	(720)	(94)
Commission income from sales of computer products	—	152	—	148
Artwork and Web design services income	1	14	1	14
	<u>37,707</u>	<u>6,640</u>	<u>20,328</u>	<u>(20)</u>
Other income			59	260
Other operating expenses			<u>(12,035)</u>	<u>(3,656)</u>
Operating profit/(loss)			<u>8,352</u>	<u>(3,416)</u>
Principal markets:				
Hong Kong	7,111	4,342	(686)	(1,047)
PRC	299	684	(750)	(8)
Taiwan	24,474	1,486	22,300	953
Others	5,823	128	(536)	82
	<u>37,707</u>	<u>6,640</u>	<u>20,328</u>	<u>(20)</u>
Other income			59	260
Other operating expenses			<u>(12,035)</u>	<u>(3,656)</u>
Operating profit/(loss)			<u>8,352</u>	<u>(3,416)</u>

Employee information

As at 30th September, 2002, the Group had 96 employees spreading over Hong Kong, PRC and Taiwan.

The Group's remuneration and bonus policies are basically determined by the performance of individual employees.

The Group encourages employees to receive training and further education. It also sponsors senior executives for higher education programs.

The Group has adopted a share option scheme whereby certain employees of the Group may be granted options to acquire shares.

Charges on the group's assets and contingent liabilities

At 30th September, 2002, the time deposit of HK\$300,000 has been pledged to a bank to secure general banking facilities of HK\$300,000 being the credit limit of corporate credit card to the Group.

As at 30th September, 2002, the Group had no material contingent liabilities.

Exposure to foreign exchange risk

Since the functional currencies of the Group's operations and Hong Kong dollars, Renminbi ("RMB") and New Taiwan Dollars ("NTD"), the Directors consider that the potential foreign exchange exposure of the Group is limited.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th September, 2002, the interests of the Directors and their associates in the share capital of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

	Number of ordinary shares held			
	Personal interest	Family interest	Corporate interest	Other interest
Mr. Wong Hoi Wong ("Mr. Albert Wong")	–	–	–	664,425,000 (Note)
Mr. Li Sze Tang	397,350,000	–	–	–
Ms. Wanzi Huang	69,725,000	–	–	–

Note: These 664,425,000 shares are held by Eaglemax International Investment Limited, a company wholly owned by Intelligent Management Limited as the trustee of Intelligent Management Discretionary Trust, a family discretionary trust the objects of which include Mr. Albert Wong and his family and any charity in the world.

Save as disclosed above, none of the Directors had any personal, family, corporate or other interests in the share capital of the Company as recorded in the register required to be kept by the Company under Section 29 of the SDI Ordinance as at 30th September, 2002.

DIRECTORS' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

The Company adopted the Share Option Scheme (the "Scheme") on 6th July, 2001, pursuant to which it may grant options to full-time employees of the Group including executive directors of the Company to subscribe for shares in the Company.

As at 30th September, 2002, the following options had been granted to the following executive directors:

Grantee	Date of grant	Exercise price per share HK\$	Exercise period	No. of ordinary shares eligible for subscription under the option	Types of interest
Mr. Li Sze Tang	21st November, 2001	0.315	30th June, 2002 to 29th June, 2012	1,640,000	Personal
Mr. Albert Wong	21st November, 2001	0.315	30th June, 2002 to 29th June, 2012	1,640,000	Family(*)
Ms. Wanzi Huang	21st November, 2001	0.315	30th June, 2002 to 29th June, 2012	16,540,000	Personal

(*) *It represents options granted to his spouse who is an employee of the Company.*

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable any of the Company's Directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

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 any body corporate, or had exercised any such right as at 30th September, 2002.

As at 30th September, 2002, save as disclosed below, no other options has been granted under the scheme and none of the options granted has been exercised.

OUTSTANDING SHARE OPTION

As at 30th September, 2002, in addition to the options granted to executive directors as disclosed above, the following options had been granted to other participants.

No. of employees	Date of grant	Exercise price per share HK\$	Exercise period	No. of ordinary shares eligible for subscription under the option
2	21st November, 2001	0.315	30th June, 2002 to 29th June, 2012	18,180,000

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2002, the following entity, not being a director or chief executive of the Company, had or was deemed to have interest of 10% or more in the issued share capital of the Company, as recorded in the register required to be kept by the Company under Section 16(1) of the SDI Ordinance.

	Number of ordinary shares held	Percentage of shareholding
Eaglemax International Investment Limited (<i>Note</i>)	664,425,000	40.36%

Note: These 664,425,000 shares are held by Eaglemax International Investment Limited, a company wholly owned by Intelligent Management Limited as the trustee of Intelligent Management Discretionary Trust, a family discretionary trust the objects of which include Mr. Albert Wong and his family and any charity in the world.

MANAGEMENT SHAREHOLDERS

Save for the interests disclosed above in respect of the Directors, chief executive and their associates, the Directors are not aware of any person who, as at 30th September, 2002, was entitled to exercise or control the exercise of 5 per cent or more of the voting power at general meetings of the Company and who was able, as a practical matter, to direct or influence the management of the Company.

INTEREST OF THE SPONSOR

CSC Asia Limited (“CSC”) had entered into a sponsorship agreement with the Company whereby, for a fee, CSC will act as the Company’s continuing sponsor for the purpose of Chapter 6 of the GEM Listing Rules for the period from 27th July, 2001 to 31st March, 2004.

None of CSC, its directors, employees nor associates had any interests in the securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group as at 30th 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.

COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES

The Company has complied with Rules 5.28 to 5.39 of the GEM Listing Rules concerning board practices and procedures during the six months ended 30th September, 2002.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30th September, 2002, the Company repurchased on the Stock Exchange a total of 8,440,000 ordinary shares of HK\$0.01 each in the share capital of the Company at an aggregate price of HK\$1,991,800 details of which are as follows:

Month of Repurchase	No. of Shares Repurchased	Price per share		Aggregate Price Paid HK\$
		Highest HK\$	Lowest HK\$	
April 2002	—	—	—	—
May 2002	—	—	—	—
June 2002	—	—	—	—
July 2002	—	—	—	—
August 2002	8,440,000	0.236	0.235	1,991,800
September 2002	—	—	—	—
	<u>8,440,000</u>			<u>1,991,800</u>

The Directors of the Company considered that the above repurchases were made with a view to enhancing the net asset and earnings per share of the Company.

Those shares were cancelled shortly after repurchase and the issued share capital of the Company was correspondingly reduced.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2002.

AUDIT COMMITTEE

The Company has established an audit committee in August 2001 with its written terms of reference being in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group and to provide advice and comments to the Board.

The audit committee comprises two members, namely, Ms. Li Zhe and Mr. Kwok Ming Wa, both being independent non-executive Directors of the Company.

By Order of the Board
Wong Hoi Wong
Chief Executive Officer

Hong Kong, 13th November, 2002