



千里眼控股有限公司 TeleEye Holdings Limited

(於開曼群島註冊成立之有限公司)
(incorporated in the Cayman Islands with limited liability)

二零零二／二零零三年中期業績報告 2002/2003 Interim Report

香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)之特色

創業板為帶有高投資風險之公司提供上市之市場。尤其在創業板上市之公司毋須有過往溢利記錄，亦毋須預測未來溢利。此外，在創業板上市之公司可因其新興性質及該等公司經營業務之行業或國家而帶有風險。有意投資之人士應了解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。創業板之較高風險及其他特色表示創業板較適合專業及其他經驗豐富投資者。

由於創業板上市之公司屬於新興性質，在創業板買賣之證券可能會較於主板買賣之證券承受較大之市場波動風險，同時無法保證在創業板買賣之證券會有高流通量之市場。

創業板所發佈之資料之主要方法為在聯交所為創業板而設之互聯網網頁刊登。上市公司毋須在憲報指定報章刊登付款公佈披露資料。因此，有意投資之人士應注意彼等能閱覽創業板網頁，以便取得創業板上市發行人之最新資料。

聯交所對本報告之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本報告全部或任何部分內容而產生或因依據該等內容而引致之任何損失承擔任何責任。

本報告包括之資料乃遵照聯交所《創業板證券上市規則》之規定而提供有關千里眼控股有限公司之資料。千里眼控股有限公司各董事願就本報告共同及個別承擔全部責任，並在作出一切合理查詢後確認，就彼等所知及所信：(i)本報告所載資料在各重大方面均屬準確及完整，且無誤導成分；(ii)本報告並無遺漏任何其他事實致使本報告所載任何聲明產生誤導；及(iii)本報告內表達之一切意見乃經審慎周詳考慮後方始作出，並以公平合理之基準和假設為依據。

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.

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The Stock Exchange 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 of TELEEEYE HOLDINGS LIMITED collectively and individually accept full responsibility, includes particulars given in compliance with Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to TELEEEYE HOLDINGS LIMITED. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) 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.

摘要

- 截至二零零二年十二月三十一日止三個月之營業額約達6,967,000港元，較二零零一年同期增加67%。
- 截至二零零二年十二月三十一日止三個月之股東應佔虧損約達281,000港元，相等於每股基本虧損0.16港仙。截至二零零二年十二月三十一日止三個月之每股基本虧損較二零零一年同期大幅減少69%。
- 由於本集團在全球各地進行市場推廣，於截至二零零二年十二月三十一日止六個月來自歐洲及其他亞洲國家（不包括香港）之營業額分別較二零零一年同期增加193%及62%。於回顧期間內來自海外市場之營業額佔本集團營業額66%，而二零零一年同期則為60%。
- 於二零零二年三月推出之新產品**TeleEye III+數碼錄像傳送器**之營業額約佔本集團截至二零零二年十二月三十一日止六個月之營業額的一半。該產品之成功亦對本集團於回顧期間內之營業額增加作出貢獻。

HIGHLIGHTS

- Turnover for the three months ended 31 December 2002 amounted to approximately HK\$6,967,000, representing an increase of 67% as compared to the corresponding period in 2001.
- Loss attributable to shareholders for the three months ended 31 December 2002 amounted to approximately HK\$281,000 representing a basic loss per share of 0.16 HK cents. The basic loss per share for the three months ended 31 December 2002 was largely reduced by 69% as compared to the corresponding period in 2001.
- As a result of the Group's global marketing efforts, turnover generated for the six months ended 31 December 2002 from Europe and other Asian countries excluding Hong Kong, increased by 193% and 62%, respectively, as compared to the corresponding period in 2001. Turnover from overseas markets in this period under review accounted for 66% of the Group's turnover as compared to 60% in the corresponding period in 2001.
- Turnover of **TeleEye III+ Video Recording Transmitter**, a new product launched in March 2002, accounted for approximately half of the Group's turnover for the six months ended 31 December 2002. The success of the product also contributed to the increase in the Group's turnover in this period under review.

業績

千里眼控股有限公司(「本公司」)之董事會(「董事會」)謹此宣佈，本公司及其附屬公司(統稱「本集團」)截至二零零二年十二月三十一日止三個月及六個月之未經審核綜合業績，連同二零零一年同期之未經審核比較數字如下：

簡明綜合收益表

			截至十二月三十一日 止三個月		截至十二月三十一日 止六個月	
			Three months ended 31 December		Six months ended 31 December	
			二零零二年	二零零一年	二零零二年	二零零一年
			2002	2001	2002	2001
		附註	千港元	千港元	千港元	千港元
		Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(未經審核)	(未經審核)	(未經審核)	(未經審核)
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
營業額	Turnover	3	6,967	4,172	13,364	7,351
銷售成本	Cost of sales		(2,171)	(1,155)	(4,121)	(2,042)
毛利	Gross profit		4,796	3,017	9,243	5,309
其他收入	Other income		87	165	202	452
分銷成本	Distribution costs		(2,029)	(1,616)	(3,876)	(2,903)
行政費用	Administrative expenses		(1,970)	(1,717)	(3,739)	(3,132)
研究及發展支出	Research and development expenditure		(1,243)	(837)	(2,464)	(1,431)
經營虧損	Loss from operations	4	(359)	(988)	(634)	(1,705)
須於五年內悉數 償還之少數股東 墊款之利息	Interest on advance from a minority shareholder wholly repayable within five years		(3)	(2)	(7)	(2)
應佔聯營公司虧損	Share of loss of an associate		-	(75)	-	(239)
除稅前虧損	Loss before taxation		(362)	(1,065)	(641)	(1,946)
稅項(支出)抵免	Taxation (charge) credit	5	(10)	150	(22)	290
扣除少數股東權益前虧損	Loss before minority interest		(372)	(915)	(663)	(1,656)
少數股東權益	Minority interest		91	-	91	-
股東應佔虧損	Loss attributable to shareholders		(281)	(915)	(572)	(1,656)
每股基本虧損(港仙)	Basic loss per share (HK cents)	7	(0.16)	(0.51)	(0.32)	(0.92)

RESULTS

The Board of Directors (the "Board") of TeleEye Holdings Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 31 December 2002, together with the comparative unaudited figures for the corresponding periods in 2001, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		截至十二月三十一日 止三個月		截至十二月三十一日 止六個月	
		Three months ended 31 December		Six months ended 31 December	
		二零零二年	二零零一年	二零零二年	二零零一年
		2002	2001	2002	2001
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(未經審核)	(未經審核)	(未經審核)	(未經審核)
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
附註 Notes	3	6,967 (2,171)	4,172 (1,155)	13,364 (4,121)	7,351 (2,042)
		4,796	3,017	9,243	5,309
		87	165	202	452
		(2,029)	(1,616)	(3,876)	(2,903)
		(1,970)	(1,717)	(3,739)	(3,132)
		(1,243)	(837)	(2,464)	(1,431)
	4	(359)	(988)	(634)	(1,705)
		(3)	(2)	(7)	(2)
		-	(75)	-	(239)
		(362)	(1,065)	(641)	(1,946)
5	(10)	150	(22)	290	
	(372)	(915)	(663)	(1,656)	
	91	-	91	-	
	(281)	(915)	(572)	(1,656)	
7	(0.16)	(0.51)	(0.32)	(0.92)	

簡明綜合資產負債表

CONDENSED CONSOLIDATED BALANCE SHEET

		二零零二年 十二月三十一日 As at 31 December 2002 千港元 HK\$'000 (未經審核) (Unaudited)		二零零二年 六月三十日 As at 30 June 2002 千港元 HK\$'000 (經審核) (Audited)	
		附註 Notes			
非流動資產	Non-current assets				
物業、廠房及設備	Property, plant and equipment	8	943	1,061	
發展成本資本化	Capitalised development costs		3,050	3,298	
證券投資	Investments in securities		4,519	4,913	
			8,512	9,272	
流動資產	Current assets				
存貨	Inventories		4,315	3,154	
應收賬款及其他應收款	Trade and other receivables	9	1,739	1,839	
應收聯營公司之欠款	Amount due from an associate	10	265	393	
已抵押銀行存款	Pledged bank deposit	11	219	—	
銀行結餘、存款及現金	Bank balances, deposits and cash		21,745	22,851	
			28,283	28,237	
流動負債	Current liabilities				
應付賬款及其他應付款	Trade and other payables	12	3,101	3,130	
應付少數股東款項	Amount due to a minority shareholder	13	345	332	
應付董事款項	Amounts due to directors	14	546	371	
稅項	Taxation		31	8	
短期銀行借款	Short-term bank loan		208	—	
			4,231	3,841	
流動資產淨值	Net current assets		24,052	24,396	
			32,564	33,668	
資本及儲備	Capital and reserves				
股本	Share capital		1,800	1,800	
儲備	Reserves		30,932	31,934	
			32,732	33,734	
少數股東權益	Minority interest		(168)	(66)	
			32,564	33,668	

簡明綜合權益變動表

CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY

		股本 Share capital 千港元 HK\$'000	股份溢價 Share premium 千港元 HK\$'000	滙兌儲備 Translation reserve 千港元 HK\$'000	投資 重估儲備 Investment revaluation reserve 千港元 HK\$'000	特別儲備 Special reserve 千港元 HK\$'000	保留溢利 (虧絀) Retained profits (deficit) 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零零一年七月一日(經審核)	At 1 July 2001 (audited)	1,800	21,605	(96)	—	14,990	375	38,674
因換算海外業務之賬目而 產生之滙兌差距	Exchange differences on translation of overseas operations	—	—	(39)	—	—	—	(39)
期內重估虧絀	Revaluation deficit during the period	—	—	—	(56)	—	—	(56)
並未在綜合收益表內 確認之虧損淨額	Net losses not recognised in the consolidated income statement	—	—	(39)	(56)	—	—	(95)
期內股東應佔虧損	Loss attributable to shareholders for the period	—	—	—	—	—	(1,656)	(1,656)
於二零零一年十二月三十一日 (未經審核)	At 31 December 2001 (unaudited)	1,800	21,605	(135)	(56)	14,990	(1,281)	36,923
因換算海外業務之賬目而 產生之滙兌差距	Exchange differences on translation of overseas operations	—	—	76	—	—	—	76
期內重估虧絀	Revaluation deficit during the period	—	—	—	(522)	—	—	(522)
並未在綜合收益表內 確認之虧損淨額	Net losses not recognised in the consolidated income statement	—	—	76	(522)	—	—	(446)
期內股東應佔虧損	Loss attributable to shareholders for the period	—	—	—	—	—	(2,743)	(2,743)
於二零零二年六月三十日 (經審核)	At 30 June 2002 (audited)	1,800	21,605	(59)	(578)	14,990	(4,024)	33,734
因換算海外業務之賬目而 產生之滙兌差距	Exchange differences on translation of overseas operations	—	—	(37)	—	—	—	(37)
期內重估虧絀	Revaluation deficit during the period	—	—	—	(393)	—	—	(393)
並未在綜合收益表內 確認之虧損淨額	Net losses not recognised in the consolidated income statement	—	—	(37)	(393)	—	—	(430)
期內股東應佔虧損	Loss attributable to shareholders for the period	—	—	—	—	—	(572)	(572)
於二零零二年十二月三十一日 (未經審核)	At 31 December 2002 (unaudited)	1,800	21,605	(96)	(971)	14,990	(4,596)	32,732

簡明綜合現金流量表

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		截至十二月三十一日 止六個月 Six months ended 31 December	
		二零零二年 2002 千港元 HK\$'000 (未經審核) (Unaudited)	二零零一年 2001 千港元 HK\$'000 (未經審核) (Unaudited)
應用於經營業務之現金淨額	Net cash used in operating activities	(1,107)	(3,092)
應用於投資業務之現金淨額	Net cash used in investing activities	(207)	(5,630)
源自(應用於)融資活動之 現金淨額	Net cash from (used in) financing activities	208	(889)
現金及現金等價物減少淨額	Net decrease in cash and cash equivalents	(1,106)	(9,611)
於期初的現金及現金等價物	Cash and cash equivalents at beginning of the period	22,851	34,387
於期終的現金及現金等價物 (即銀行結餘、存款及現金)	Cash and cash equivalents at end of the period, representing bank balances, deposits and cash	21,745	24,776

簡明財務報表附註

1. 編製基準

簡明財務報表乃根據香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)證券上市規則第18章之適用披露規定及由香港會計師公會頒佈之會計實務準則(「會計實務準則」)第25號「中期財務報告」而編製。

2. 主要會計政策

簡明財務報表乃按歷史成本法而編製，並就若干證券投資之重估而作出修訂。

編製本財務報表所採納之會計政策與編製本集團截至二零零二年六月三十日止年度之年度財務報表所依循者相符，惟下文所述者除外。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

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

2. Principal accounting policies

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of certain 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 30 June 2002, except as described below.

2. 主要會計政策 (續)

於本期間，本集團首次採納多項新增及經修訂之會計實務準則，致使須採納下列新增及經修訂之會計政策。採納此等會計實務準則後致使現金流量表及權益變動表之呈列方式出現變動，惟對本期間及以前會計期間之業績並無重大影響。據此，毋須作出以前期調整。

外幣

會計實務準則第11號(經修訂)「外幣滙兌」撤銷可按結算日之滙率換算海外業務之收益表之選擇。現時該等收益表須按平均滙率換算。據此，於綜合賬目時，本集團海外業務之資產及負債乃按於結算日適用之滙率換算，而收入及開支項目則按本期間之平均滙率換算。因滙兌而產生之差額(如有)將列作權益，並將轉撥往本集團之滙兌儲備。已出售業務之滙兌差額將確認為該出售期間內之收入或開支。此會計政策之改變對本期間或以前會計期間之業績並無任何重大影響。

現金流量表

於本期間內，本集團採納會計實務準則第15號(經修訂)「現金流量表」。根據會計實務準則第15號(經修訂)，現金流量分為下列三類：經營、投資及融資活動，而並非如先前分為五類。先前分別列於不同項目下之利息及股息將列入投資業務現金流量。因利得稅項而產生之現金流量將列入經營業務，惟獨立確認為投資或融資活動者除外。海外業務之現金流量已按於交易日之滙率重新換算，而非以於結算日之適用滙率換算。用以換算海外業務之現金流量之滙率改變並無對現金流量表呈列之比較數字構成重大影響。

2. Principal accounting policies (continued)

In the current period, the Group has adopted, for the first time, a number of new and revised SSAPs, which has resulted in the adoption of the following new and revised accounting policies. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Foreign currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements of overseas operations at the closing rate for the period. They are now required to be translated at an average rate. Accordingly, on consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

Cash flow statements

In the current period, the Group has adopted SSAP 15 (Revised) "Cash Flow Statements". Under SSAP 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as investing cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. Cash flows of overseas operations have been re-translated at the rates prevailing at the dates of the cash flows rather than the rate of exchange ruling on the balance sheet date. The change in exchange rates used for translation of the cash flows of overseas operations has not had any material effect on the comparative amounts shown in the cash flow statement.

3. 分部資料

本集團主要從事研究及發展與買賣遙距視聽監察系統，據此，本集團決定以地區分部作為其主要呈報方式。

地區分部

本集團以其客戶（其客戶主要位於香港、其他亞洲國家、歐洲及北美洲）之所在地區呈報其主要業務資料。以下為按上述地區劃分之市場分部資料：

截至二零零二年十二月三十一日止六個月

3. Segment information

The Group is solely engaged in research and development and trading of remote audio and video monitoring systems and, accordingly, the Group has determined that geographical segments are its primary reporting format.

Geographical segments

The Group reports its primary segment information by geographical location of its customers who are principally located in Hong Kong, other Asian countries, Europe and North America. Segment information about these geographical markets is presented below:

Six months ended 31 December 2002

		香港 Hong Kong 千港元 HK\$'000	其他 亞洲國家 Other Asian countries 千港元 HK\$'000	歐洲 Europe 千港元 HK\$'000	北美洲 North America 千港元 HK\$'000	其他 Others 千港元 HK\$'000	對銷 Eliminations 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
營業額	TURNOVER							
來自外界之銷售	External sales	4,483	3,152	4,228	141	1,360	-	13,364
分部間之銷售	Inter-segment sales	-	470	-	-	-	(470)	-
總營業額	Total turnover	<u>4,483</u>	<u>3,622</u>	<u>4,228</u>	<u>141</u>	<u>1,360</u>	<u>(470)</u>	<u>13,364</u>
分部業績	SEGMENT RESULT	<u>2,253</u>	<u>410</u>	<u>1,305</u>	<u>37</u>	<u>796</u>	<u>-</u>	<u>4,801</u>
未劃分的公司收入	Unallocated corporate income							202
未劃分的公司費用	Unallocated corporate expenses							
— 行政費用	— Administrative expenses							(3,173)
— 研究及發展支出	— Research and development expenditure							(2,464)
經營虧損	Loss from operations							(634)
須於五年內悉數償還 之少數股東墊款 之利息	Interest on advance from a minority shareholder wholly repayable within five years							(7)
除稅前虧損	Loss before taxation							(641)
稅項（支出）	Taxation (charge)							(22)
扣除少數股東權益前虧損	Loss before minority interest							<u>(663)</u>

3. 分部資料 (續)

地區分部 (續)

截至二零零一年十二月三十一日止六個月

		香港	其他 亞洲國家	歐洲	北美洲	其他	對銷	綜合
		Hong Kong	Other Asian	Europe	North	Others	Eliminations	Consolidated
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
營業額	TURNOVER							
來自外界之銷售	External sales	2,947	1,944	1,443	113	904	–	7,351
分部間之銷售	Inter-segment sales	–	84	–	–	–	(84)	–
總營業額	Total turnover	<u>2,947</u>	<u>2,028</u>	<u>1,443</u>	<u>113</u>	<u>904</u>	<u>(84)</u>	<u>7,351</u>
分部業績	SEGMENT RESULT	<u>775</u>	<u>596</u>	<u>616</u>	<u>(98)</u>	<u>476</u>	<u>–</u>	<u>2,365</u>
未劃分的公司收入	Unallocated corporate income							452
未劃分的公司費用	Unallocated corporate expenses							
– 行政費用	– Administrative expenses							(3,091)
– 研究及發展支出	– Research and development expenditure							<u>(1,431)</u>
經營虧損	Loss from operations							<u>(1,705)</u>
須於五年內悉數償還 之少數股東墊款 之利息	Interest on advance from a minority shareholder wholly repayable within five years							(2)
應佔聯營公司虧損	Share of loss of an associate	–	(239)	–	–	–	–	<u>(239)</u>
除稅前虧損	Loss before taxation							<u>(1,946)</u>
稅項抵免	Taxation credit							<u>290</u>
扣除少數股東權益前虧損	Loss before minority interest							<u><u>(1,656)</u></u>

分部間之銷售乃按有關各方同意之條款進行。

3. Segment information (continued)

Geographical segments (continued)

Six months ended 31 December 2001

Inter-segment sales are charged at terms agreed between the relevant parties.

4. 經營虧損

經營虧損已扣除 (計入)：	Loss from operations has been arrived at after charging (crediting):
發展成本資本化之 攤銷	Amortisation of capitalised development costs
折舊	Depreciation
證券投資之股息	Dividends from investments in securities
利息收入	Interest income

5. 稅項(支出)抵免

稅項(支出)抵免包括：The (charge) credit comprises:

截至本期間香港以外 之稅項	Taxation outside Hong Kong for the period
遞延稅項抵免	Deferred taxation credit

由於本集團在兩個期間內均出現稅項虧損，故毋須在簡明財務報表中就香港利得稅提撥準備。

在其他司法權區產生的稅項是按有關司法權區現行的稅率計算。

基於資產未知會否於可見將來用以抵銷日後之溢利，故稅項虧損所產生的遞延稅項資產並未於簡明財務報表確認。

4. Loss from operations

截至十二月三十一日 止三個月		截至十二月三十一日 止六個月	
Three months ended 31 December		Six months ended 31 December	
二零零二年	二零零一年	二零零二年	二零零一年
2002	2001	2002	2001
千港元	千港元	千港元	千港元
HK\$'000	HK\$'000	HK\$'000	HK\$'000

366	145	724	254
156	135	309	259
(14)	(28)	(45)	(44)
(73)	(136)	(154)	(407)

5. Taxation (charge) credit

截至十二月三十一日 止三個月		截至十二月三十一日 止六個月	
Three months ended 31 December		Six months ended 31 December	
二零零二年	二零零一年	二零零二年	二零零一年
2002	2001	2002	2001
千港元	千港元	千港元	千港元
HK\$'000	HK\$'000	HK\$'000	HK\$'000

(10)	—	(22)	—
—	150	—	290
(10)	150	(22)	290

No provision for Hong Kong Profits Tax has been made in the condensed financial statements as the Group incurred tax losses for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Deferred taxation asset in respect of tax losses available to set off future profits has not been recognised in the condensed financial statements as it is not certain that the asset will crystallise in the foreseeable future.

6. 股息

董事不擬派付截至二零零二年十二月三十一日止三個月及六個月各期間之中期股息(截至二零零一年十二月三十一日止三個月及六個月：無)。

7. 每股基本虧損

每股基本虧損乃根據截至二零零二年十二月三十一日止三個月及六個月之虧損分別約281,000港元及572,000港元(截至二零零一年十二月三十一日止三個月及六個月：分別為915,000港元及1,656,000港元)及截至二零零二年十二月三十一日止三個月及六個月內已發行普通股180,000,000股(截至二零零一年十二月三十一日止三個月及六個月：180,000,000股)計算。

截至二零零二年及二零零一年十二月三十一日止期間並無每股攤薄虧損之披露，是由於具有潛在影響之已發行普通股將導致截至該兩個期間之每股虧損減少。

8. 物業、廠房及設備

截至二零零二年十二月三十一日止六個月內，本集團就租賃物業裝修、傢俬及裝置與辦公室設備動用約188,000港元。

9. 應收賬款及其他應收款

本集團平均給予其貿易客戶三十日之信貸期。

應收賬款及其他應收款包括應收貿易賬款約842,000港元(二零零二年六月三十日：905,000港元)。於結算日按銷售發票之到期付款日期為基準而計算之賬齡分析如下：

		二零零二年 十二月三十一日 31 December 2002 千港元 HK\$'000	二零零二年 六月三十日 30 June 2002 千港元 HK\$'000
即期付款	Current	250	610
1至3個月到期付款	1 to 3 months overdue	457	189
3個月後但12個月內到期付款	More than 3 months but less than 12 months overdue	135	106
		842	905

6. Dividend

The directors do not recommend the payment of an interim dividend for each of the three months and six months ended 31 December 2002 (three months and six months ended 31 December 2001: Nil).

7. Basic loss per share

The calculation of basic loss per share is based on the loss for the three months and six months ended 31 December 2002 of approximately HK\$281,000 and HK\$572,000, respectively (three months and six months ended 31 December 2001: HK\$915,000 and HK\$1,656,000, respectively) and 180,000,000 ordinary shares in issue during the three months and six months ended 31 December 2002 (three months and six months ended 31 December 2001: 180,000,000).

No disclosure of diluted loss per share for the periods ended 31 December 2002 and 2001 is shown as the effect of the potential ordinary shares in issue would result in a decrease in loss per share for each of the periods presented.

8. Property, plant and equipment

During the six months ended 31 December 2002, the Group spent approximately HK\$188,000 on leasehold improvements, furniture and fixtures and office equipment.

9. Trade and other receivables

The Group allows an average credit period of 30 days to its trade customers.

Included in trade and other receivables are trade receivables of approximately HK\$842,000 (30 June 2002: HK\$905,000). The following is an aged analysis of trade receivables at the balance sheet date prepared on the basis of due payment date of sale invoice:

10. 應收聯營公司之欠款

貸款賬項	Loan account
減：呆壞賬準備	Less: Allowance for bad and doubtful debts

貿易賬項	Trade account
------	---------------

該筆款項為無抵押及須按要求而償還。貸款賬項之年息為1%，而貿易賬項則不附利息。

11. 已抵押銀行存款

本集團就其獲授短期銀行借款而抵押銀行存款。

12. 應付賬款及其他應付款

應付賬款及其他應付款包括應付貿易賬款約1,088,000港元(二零零二年六月三十日：783,000港元)。於結算日按供應商發票之到期付款日期為基準而計算之賬齡分析如下：

即期付款	Current
1至3個月到期付款	1 to 3 months overdue
3個月後但12個月內到期付款	More than 3 months but less than 12 months overdue

13. 應付少數股東款項

該筆按現行市場利率計息的結餘為無抵押及須按要求而償還。

14. 應付董事款項

該筆不附利息的結餘為無抵押及須按要求而償還。

10. Amount due from an associate

二零零二年 十二月三十一日 31 December 2002 千港元 HK\$'000	二零零二年 六月三十日 30 June 2002 千港元 HK\$'000
---------------------------------------------------------	---------------------------------------------------

315	314
(114)	—

201	314
64	79

265	393
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The amount is unsecured and is repayable on demand. The loan account bears interest at 1% per annum and the trade account is non-interest bearing.

11. Pledged bank deposit

The bank deposit is pledged to secure a short-term bank loan granted to the Group.

12. Trade and other payables

Included in trade and other payables are trade payables of approximately HK\$1,088,000 (30 June 2002: HK\$783,000). The following is an aged analysis of trade payables at the balance sheet date prepared on the basis of due payment date of supplier invoice:

二零零二年 十二月三十一日 31 December 2002 千港元 HK\$'000	二零零二年 六月三十日 30 June 2002 千港元 HK\$'000
---------------------------------------------------------	---------------------------------------------------

249	606
761	2
78	175

1,088	783
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13. Amount due to a minority shareholder

The balance is unsecured, bearing interest at prevailing market rates and is repayable on demand.

14. Amounts due to directors

The balances are unsecured, non-interest bearing and are repayable on demand.

15. 資本承擔

於二零零二年十二月三十一日，本公司承諾再進一步投資約779,000港元於一附屬公司（二零零二年六月三十日：無）。

16. 關連人士交易

向香港城市大學（「城大」）及其 關連機構之銷售（附註i）	Sales to City University of Hong Kong ("City University") and its related parties (note i)
向聯營公司之銷售（附註i）	Sales to an associate (note i)
來自聯營公司之利息收入（附註ii）	Interest income from an associate (note ii)
向城大支付服務費（附註iii）	Service fee to City University (note iii)

城大持有Etin City Limited（本公司之主要股東）30%權益。

附註：

- (i) 董事在參照非關連第三方進行類似交易之價格後始行釐定售價。
- (ii) 利息按年利率1%計算。
- (iii) 交易乃按照由相方釐定及同意之條款進行。

17. 比較數字

若干比較數字已重新分類，以符合本期間之呈列方式，而其他經營費用項目下的所有項目已重新分類為分銷成本、行政費用及研究及發展支出，截至二零零一年十二月三十一日止三個月分別約為156,000港元、829,000港元及837,000港元，而截至二零零一年十二月三十一日止六個月則分別約為179,000港元、1,418,000港元及1,431,000港元。

15. Capital commitments

As at 31 December 2002, the Group was committed to invest a further amount of approximately HK\$779,000 (30 June 2002: Nil) in a subsidiary.

16. Related party transactions

截至十二月三十一日 止六個月 Six months ended 31 December	
二零零二年 2002 千港元 HK\$'000	二零零一年 2001 千港元 HK\$'000

-	79
344	68
1	1
-	20

City University holds a 30% interest in Etin City Limited, a substantial shareholder of the Company.

Notes:

- (i) The selling price was determined by the directors with reference to prices for similar transactions with unrelated third parties.
- (ii) Interest was charged at 1% per annum.
- (iii) The transaction was carried out in accordance with terms determined and agreed by both parties.

17. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation. In particular, all items in other operating expenses have been reclassified to distribution costs, administrative expenses and research and development expenditure in the amount of approximately HK\$156,000, HK\$829,000 and HK\$837,000, respectively, for the three months ended 31 December 2001, and HK\$179,000, HK\$1,418,000 and HK\$1,431,000, respectively, for the six months ended 31 December 2001.

管理層討論及分析

財務回顧

本集團截至二零零二年十二月三十一日止六個月之營業額，飆升至約13,364,000港元（截至二零零一年十二月三十一日止六個月：7,351,000港元），較去年同期上升82%。按季度比較，本集團截至二零零二年十二月三十一日止三個月之營業額與去年同一季度相比，則上升67%至約6,967,000港元。於本季度內錄得令人振奮之營業額，足以反映本集團於全球拓展及研發先進產品策略之成功。該等增加導致股東應佔虧損由截至二零零一年十二月三十一日止六個月之約1,656,000港元，大幅減少至截至回顧期間內之約572,000港元。

截至二零零二年十二月三十一日止六個月內，本集團之**TeleEye III+數碼錄像傳送器**（「**TeleEye III+數碼錄像傳送器**」）錄得龐大收益，佔本集團之總營業額約50%（截至二零零一年十二月三十一日止六個月：無（因此傳送器於二零零二年三月面世）），而**TeleEye III+視像傳送器**（「**TeleEye III+視像傳送器**」）系列之總營業額則佔20%（截至二零零一年十二月三十一日止六個月：約30%）。

截至二零零二年十二月三十一日止六個月之總經營成本約為10,079,000港元（不包括財務費用）（截至二零零一年十二月三十一日止六個月：7,466,000港元），增加35%。該等增加乃主要由於在二零零二年本集團多種新產品之商業銷售所帶來發展成本資本化之攤銷水平的增加，以及自二零零二年開始投入營運之海外辦事處的經營成本所致。就季度比較而言，由於新設立的中國辦事處投入營運，在本季度內之經營成本有輕微增長。

由於本集團應佔CAMERIO Japan, Inc.（「CAMERIO Japan」）之虧損超逾投資之賬面金額，故在本季度內再無錄得應佔聯營公司虧損。有鑑於日本之市況以及CAMERIO Japan連續錄得虧損，董事會已決定在本季度內就給予此聯營公司之借款提撥約114,000港元之準備。

截至二零零二年十二月三十一日止六個月之每股基本虧損為0.32港仙（截至二零零一年十二月三十一日止六個月：0.92港仙）。

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial review

Turnover of the Group for the six months ended 31 December 2002 surged to approximately HK\$13,364,000 (six months ended 31 December 2001: HK\$7,351,000), representing an increase of 82% as compared to the last corresponding period. On a quarter-to-quarter comparison, turnover of the Group for the three months ended 31 December 2002 increased by 67% to approximately HK\$6,967,000 when compared with the same quarter last year. The encouraging turnover achieved in this quarter reflected the Group's success in global expansion and advanced product development strategies. This resulted in a reduction of loss attributable to shareholders from approximately HK\$1,656,000 for the six months ended 31 December 2001 to approximately HK\$572,000 for the period under review.

During the six months ended 31 December 2002, the Group recorded strong revenue from **TeleEye III+ Video Recording Transmitter ("TeleEye III+ VRT")**, which accounted for approximately 50% (six months ended 31 December 2001: nil as its debut was in March 2002) of the Group's total turnover whereas **TeleEye III+ Video Transmitter ("TeleEye III+ VT")** series contributed approximately 20% of the total turnover (six months ended 31 December 2001: approximately 30%).

Total operating costs, excluding finance costs, for the six months ended 31 December 2002 were approximately HK\$10,079,000 (six months ended 31 December 2001: HK\$7,466,000), representing a 35% increase. Such increase was mainly attributable to an increased level of amortisation of capitalised development costs on commercial sale of a number of the Group's new products in 2002 as well as operating costs incurred by the overseas offices that commenced operations since 2002. On a quarter-to-quarter comparison, due to the establishment and operation of the China office, operating costs increased slightly in this quarter.

As the Group's share of loss of CAMERIO Japan, Inc. ("CAMERIO Japan") had already exceeded the carrying amount of the investment, there was no further share of loss of this associate in this quarter. In view of the market condition in Japan and the recurring losses of CAMERIO Japan, the Board had determined in this quarter to recognise an allowance of approximately HK\$114,000 for the loan made to this associate.

Basic loss per share for the six months ended 31 December 2002 was recorded at 0.32 HK cents (six months ended 31 December 2001: 0.92 HK cents).

分部資料之意見

香港

香港仍然為本集團最龐大之市場，其截至二零零二年十二月三十一日止六個月之營業額約為4,483,000港元（截至二零零一年十二月三十一日止六個月：2,947,000港元），佔總營業額之34%。與去年同期相比，營業額明顯增加52%，主要是由於從項目客戶手中取得大宗訂單所致。另一方面，由於本集團進行多項具成本效益之宣傳方法，例如刊發新聞稿及直接郵寄資料等，致使分部業績大幅飆升約1,478,000港元。

其他亞洲國家

截至二零零二年十二月三十一日止六個月，源自亞洲（不包括香港）之營業額亦增加約1,208,000港元，較去年同期增加62%，而該等增加乃主要源自新加坡、中國及日本之銷售額所致。在計入本集團位於新加坡及中國之辦事處所產生之所有經營成本後，此分部業績減少31%，即約186,000港元。

歐洲

截至二零零二年十二月三十一日止六個月，歐洲之營業額大幅增加約2,785,000港元，較去年同期增加193%，出現該等增加是由於本集團位於英國之全資附屬公司TeleEye Europe Limited（「TeleEye Europe」）進行之市場推廣計劃所致。

北美洲

鑑於北美洲經濟動盪，政局不穩，本集團在此市場發展時亦採取較為審慎的態度，致使本集團於北美洲市場錄得較少之營業額。

其他

其他地區之營業額主要以中東市場為主，截至二零零二年十二月三十一日止六個月之營業額約為868,000港元。由於本集團增加對此等市場之市場推廣活動，因此營業額及分部業績均較去年同期有所增加。

新產品及市場前景

展望未來，本集團將積極在網絡攝像機、數碼錄像及警報中心應用軟件等方面研發嶄新產品以應市場需求。本集團亦將繼續鞏固其現有市場（特別是歐洲市場），並進一步加快增長速度較快的市場發展，如中國及中東等地，預期此等市場日後可拓闊本集團的營業額基礎。

Comments on segment information

Hong Kong

Hong Kong continued to be the largest market of the Group, whose turnover for the six months ended 31 December 2002 amounted to approximately HK\$4,483,000 (six months ended 31 December 2001: HK\$2,947,000) or 34% of the total turnover. Compared with last corresponding period, there was a conspicuous increase of 52%, which was mainly due to the substantial orders from project customers. On the other hand, the Group executed many cost effective ways in promotion, like press release and direct mailing. This resulted in a sharp increase in segment result of approximately HK\$1,478,000.

Other Asian countries

Turnover from Asia, other than Hong Kong, for the six months ended 31 December 2002 also increased by approximately HK\$1,208,000 or 62% as compared to the same period last year. Such increase was mainly contributed by sales in Singapore, China and Japan. Taking into account all operating costs incurred by the Group's offices in Singapore and China, segment result decreased by 31% or approximately HK\$186,000.

Europe

For the six months ended 31 December 2002, turnover from Europe significantly increased by approximately HK\$2,785,000 or 193% as compared to last corresponding period. Such increase was contributed by the marketing efforts made by TeleEye Europe Limited ("TeleEye Europe"), a wholly owned subsidiary in the United Kingdom.

North America

Because of the turbulent economic and political environment in North America, the Group has been taking a more prudent approach in developing this market. Thus, North America only contributed minimal turnover to the Group.

Others

It was mainly represented by Middle East market, of which turnover was approximately HK\$868,000 for the six months ended 31 December 2002. Because of increasing marketing efforts in these markets, both turnover and segment result increased as compared with last corresponding period.

Prospects of new products and markets

Looking ahead, the Group will aggressively develop advanced products in network camera, digital video recording and alarm centre application software to cater for the market demand. The Group will continuously strengthen its existing markets, particularly in Europe, and further develop those growing markets, like China and Middle East. The Group expects these will widen its turnover base in future.

股息

董事會不擬派付股息以提供充裕現金以備日後業務發展所需(二零零一年：無)。

僱員

截至二零零二年十二月三十一日止六個月本集團之員工成本(包括僱員薪酬、董事酬金及退休福利計劃供款)約為6,348,000港元，而去年同期則約為4,942,000港元。員工成本乃隨全職僱員人數由二零零一年十二月三十一日之32人增加至二零零二年十二月三十一日之43人而增加，其中10人為駐海外辦事處員工。

僱員薪酬乃參照市場酬金而釐定，並包括酌情花紅及各種福利，如醫療保險、退休福利計劃、所需培訓及購股權。僱員購股權計劃之詳情載於「購股權」一節。

流動現金、財政資源及資本負債率

截至二零零二年十二月三十一日止六個月內，本集團取得短期銀行借款約208,000港元作為千里眼數碼科技(深圳)有限公司(「TeleEye China」)(本集團於中國之全資附屬公司)之營運資金。該筆借款以每月利率0.378%計算利息，須按要求而償還及以人民幣列示。

此外，本集團繼續取得少數股東之短期墊款作為TeleEye (S) Pte Limited(「TeleEye (S)」)之營運資金。該筆墊款乃以現行市場利率計算利息，須按要求而償還及以新加坡元列示。

除上述之借款及墊款外，本集團主要運用其內部資源及上市所籌得之大部份資金營運。於二零零二年十二月三十一日，本集團持有恒生銀行可動用銀行融資額5,000,000港元，惟所有款項均尚未動用(二零零二年六月三十日：無)。據此，本集團於二零零二年十二月三十一日之資本負債率(銀行及其他借款除總資產之百分比)約為2%(二零零二年六月三十日：1%)。

於二零零二年十二月三十一日本集團之銀行結餘、存款及現金約為21,745,000港元(二零零二年六月三十日：22,851,000港元)。

Dividend

The Board does not recommend the payment of dividend in order to retain sufficient cash for future business development (2001: Nil).

Employees

The Group's staff costs, including employees' salaries, directors' emoluments and retirement benefits scheme contributions, were approximately HK\$6,348,000 for the six months ended 31 December 2002 as compared with that of approximately HK\$4,942,000 for last corresponding period. Such rise was in line with the increase in headcount of full-time employees from 32 as at 31 December 2001 to 43 as at 31 December 2002 and 10 of which are employed for the overseas offices.

Employees are paid at market remuneration with discretionary bonus and benefits of medical insurance, retirement benefits schemes, necessary training and share options. Details of the employee share options schemes were set out in the section headed "Share Options".

Liquidity, financial resources and gearing ratio

During the six months ended 31 December 2002, the Group obtained a short-term bank loan of approximately HK\$208,000 to finance the operation of TeleEye Digital Technology (Shenzhen) Company Limited ("TeleEye China"), a wholly owned subsidiary in China. The loan is interest bearing at 0.378% per month, repayable on demand and denominated in Renminbi.

In addition, the Group continued to obtain a short-term advance from a minority shareholder to finance the operation of TeleEye (S) Pte Limited ("TeleEye (S)"). The advance is interest bearing at prevailing market rate, repayable on demand and denominated in Singapore dollars.

Except for the above loan and advance, the Group used substantially its internal resources and proceeds from listing to finance its operations. As at 31 December 2002, the Group has available banking facilities of HK\$5,000,000 from Hang Seng Bank but none of them had been utilised (as at 30 June 2002: Nil). Consequently, the Group's gearing ratio, as a percentage of bank and other borrowings over total assets, as at 31 December 2002 was approximately 2% (as at 30 June 2002: 1%).

The Group had bank balances, deposits and cash of approximately HK\$21,745,000 as at 31 December 2002 (as at 30 June 2002: HK\$22,851,000).

資本結構

除上文所述之短期銀行借款及墊款外，於回顧期間內本集團並無任何其他借款。

截至二零零二年十二月三十一日止六個月內本公司之股本及根據本公司之購股權計劃已授出但尚未行使之購股權並無變動，惟因承授人辭任而致使若干已授出之購股權失效者除外。

重大投資

除於二零零一年購買之藍籌證券及債券外，於二零零二年十二月三十一日本集團並無持有任何重大投資。

重大收購及出售附屬公司及聯營公司

於回顧期間內，本集團投資約234,000港元於TeleEye China，然而並無其他重大收購，亦無出售附屬公司及聯營公司。

資產抵押

本集團抵押銀行存款約219,000港元予銀行作為TeleEye China獲授短期銀行借款之擔保。於二零零二年六月三十日，本集團之資產並無作任何其他抵押。

重大投資或資本資產之未來計劃

本集團已承諾於來年再進一步投資約779,000港元作為TeleEye China之實收資本，並預期可從上市所籌得之資金為該投資提供資金。除上文及本公司於二零零一年四月二十四日之招股章程（「招股章程」）所披露者外，於來年本集團並無任何其他重大投資或資本資產之計劃。

匯率波動及匯率對沖之風險

於回顧期間內，本集團之銷售活動主要以港元或美元進行，由於港元與美元掛鈎，故董事會認為本集團之潛在滙兌風險較少。於回顧期間內，本集團並無動用任何財務工具作對沖之用（二零零二年六月三十日：無）。

或然負債

於二零零二年十二月三十一日，本集團並無任何或然負債（二零零二年六月三十日：無）。

Capital structure

Apart from the aforesaid short-term bank loan and advance, the Group did not have any other borrowings during the period under review.

There was no change in the Company's share capital and outstanding share options granted under the Company's share option scheme during the six months ended 31 December 2002, other than the lapse of certain share options granted upon the resignation of grantees.

Significant investment

Apart from those blue chips securities and bonds acquired in 2001, the Group did not hold any significant investments as at 31 December 2002.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the period under review, the Group invested approximately HK\$234,000 in TeleEye China and had no other material acquisitions and disposals of subsidiaries and affiliated companies.

Charge on assets

A bank deposit of approximately HK\$219,000 was pledged to a bank as security for the short-term bank loan granted to TeleEye China. As at 30 June 2002, the Group did not have any other charge on its assets.

Future plans for material investments or capital assets

The Group had committed to invest a further amount of approximately HK\$779,000 as paid-in capital of TeleEye China next year and expects to fund the investment from the proceeds from listing. Other than as aforesaid and those disclosed in the Company's prospectus dated 24 April 2001 (the "Prospectus"), the Group does not have any other plan for material investments or capital assets for next year.

Exposure to fluctuations in exchange rates and related hedges

During the period under review, the Group's sales were substantially denominated in either Hong Kong or US dollars. Since the Hong Kong dollars are pegged to the US dollars, the Board considers that the potential foreign exchange exposure of the Group is limited. During the period under review, the Group did not use any financial instruments for hedging purposes (as at 30 June 2002: Nil).

Contingent liabilities

As at 31 December 2002, the Group did not have any contingent liabilities (as at 30 June 2002: Nil).

業務發展

TeleEye China位於深圳高新科技產業園，於二零零二年十月啟業。於首個年度，TeleEye China集中於生產、市場推廣、銷售及技術支援等方面，而目前正推行一連串分銷及招攬轉售商活動，包括舉行巡迴展覽及提供產品技術培訓，參與有關保安產品的展覽、推出廣告、直接郵寄資料及探訪轉售商。

隨著本集團於報告期間上半年推出一系列新產品，TeleEye (S) 已積極向其銷售渠道推廣此等產品。同時，TeleEye (S) 於二零零二年九月參與大型電腦展覽時深受讚賞；此外，彼亦曾造訪轉售商及舉辦工作坊，向其銷售渠道介紹新產品。

CAMERIO Japan 成功以3G流動電話網絡測試其視像解決方案，而目前正與NTT DoCoMo就於日本市場發展3G遙距流動視像監察解決方案洽談。

於報告期間之上半年，TeleEye Europe 藉著舉行介紹最新網絡視像監察系統技術的研討會，進行招攬轉售商之計劃。此外，TeleEye Europe亦與英國多個不同地區內具領導地位之警報中心建立夥伴關係。於二零零二年十一月，TeleEye Europe與其中一家提供警報中心服務之營辦商聯合舉行簡佈會，並向外界宣佈有關合作事宜。隨著TeleEye Europe廣泛進行各種宣傳及市場推廣工作，本集團預期來季於歐洲之銷售額將會提升。

推出新產品

數碼錄像傳送器

鑑於**TeleEye III+**數碼錄像傳送器之市場反應良好，本集團已提升**TeleEye III+**數碼錄像傳送器之功能，並發展其專業版，不但增大其儲存容量，更提升其錄像速度。於二零零二年七月推出的專業版在市場上大獲好評。

網絡上作即時視像傳送

TeleEye III+一路視頻視像傳送器連同可監察十六個地區的接收軟件於二零零二年九月推出。此款一路視頻型號可連接企業內之電腦網絡，再配合監察十六個地區的接收軟件，可讓使用者透過網絡從個人電腦中同時監察多達十六個不同地區之情況。這兩種產品的配套方案現已推出市場。

Business development

TeleEye China is located in the Shenzhen Hi-tech Industrial Park and commenced operation in October 2002. In the first year, TeleEye China focuses on production, marketing, sales and technical support activities. It is implementing a series of distributor and reseller recruitment exercises including organisation of roadshow and product training, participation in security exhibitions, advertising, direct mailing and reseller visits.

With the launch of a series of new products by the Group in the first half-year reporting period, TeleEye (S) has been actively marketing them to its sales channel. TeleEye (S) participated in a major computer show in September 2002 and was well received. Besides, it paid visits to resellers and organised workshops to introduce the new products to its sales channel.

CAMERIO Japan successfully tested its video solution running on 3G mobile network. It is currently negotiating with NTT DoCoMo for the development of 3G mobile remote video monitoring solution for the Japan market.

TeleEye Europe continued its reseller recruitment programs through organising seminars on the latest Network CCTV technology and establishing partnership with leading alarm centres in different regions of England in the first half-year reporting period. A launch party for the announcement of collaboration with one of the alarm centre service providers was held in November 2002. With all the customisation and marketing work, the Group expects the sales from Europe will be on the rise in the coming quarters.

Product launch

Digital Video Recording Transmitter

In view of the encouraging market response of **TeleEye III+ VRT**, the Group uplifted the performance of **TeleEye III+ VRT** and developed its professional models by expanding the recording capacity and boosting the recording frame rate. The professional models were launched in July 2002 and the market response was good.

Live video on network

A one-camera model of **TeleEye III+ VT** together with a 16-site Reception Software was launched in September 2002. It is a one-plug module which can link to an existing corporate computer network. Together with the 16-site Reception Software, it allows users to view and record videos from up to 16 remote locations simultaneously from a personal computer within the network. A bundle package of these two new products had been offered to the market.

網頁上作即時視像傳送

Cyber TeleEye網際視像整合方案為一種可讓使用者在其現有網頁上加插及處理即時視像之製作工具，此方案已於二零零二年九月推出市面。本集團特為一家蜚聲國際之互際網服務供應商調校此解決方案，藉以為一千名同時上網瀏覽的觀眾提供大型之影像傳送及廣播服務。

閉路電視攝像機

為進一步開拓產品線，本集團已就多個原設備加工攝像機兼容其他**TeleEye**產品進行測試。除了彩色可垂直及水平轉動之半球型攝像機「**TeleEye DM326**」外，本集團亦已於二零零二年十月採購一款原設備加工彩色半球型攝像機。

增強接收軟件

研發隊伍已為**TeleEye**流動視像監察方案研發前／後警報錄影、開關及話音功能，並成功將此方案與**TeleEye III+**數碼錄像傳送器與**CAMERIO TeleEAR**進行測試。另外，接收軟件亦已新添可控制Samsung及Honeywell高速半球型攝像機的驅動程式。

產品研發

本集團現正研發**TeleEye III+**數碼錄像傳送器的更新版，此產品將具備現場監控功能，並附設抽取式硬盤，初版預期於下季面世。

本集團已開始發展內置調制解調器及語音功能之新一代**TeleEye Pro**電話線路監察系統。

網絡攝像機及警報中心軟件之產品設計工作已進入最後階段，初版預期於下季末推出市場。

銷售及市場推廣

隨著多種新產品的推出及市場推廣隊伍之不斷努力，本集團於報告期間內取得多宗大型項目，而**TeleEye III+**數碼錄像傳送器的推出，更使本集團從本地一家大型電訊營辦商手中取得多宗大型訂單，用作監察電話交換機。此外，新的**Cyber TeleEye**網際視像整合方案亦吸引了一家國際知名的互際網服務供應商的注意，將此方案應用於交通監察項目，讓一千名觀眾可於網上同時觀看影像。

Live video on web page

A development tool to create and manage live video on users' existing web page, **Cyber TeleEye Web Video Solution**, was launched in September 2002. This solution was customised for a world famous Internet service provider to provide large-scale image transmission and broadcasting for one thousand simultaneous viewers.

CCTV camera

To further expand its product line, the Group has tested some models of OEM cameras on their compatibility with **TeleEye** products. In addition to the Colour Pan/Tilt Dome Camera "**TeleEye DM326**", the Group procured an OEM colour fix dome camera in October 2002.

Reception software enhancement

The research and development team has developed the pre-/post- alarm, switch control and audio functions for the **TeleEye M-monitoring Solution** and successfully tested it with the **TeleEye III+ VRT** and **CAMERIO TeleEAR**. Two new camera control drivers have been added to the reception softwares and are capable of controlling Samsung and Honeywell speed dome cameras.

Product research and development

The Group is developing an advanced version of **TeleEye III+ VRT** that will have local viewing and removable storage device. The first prototype is expected to be ready in next quarter.

The development of a new generation of **TeleEye Pro** phone line monitoring system with built-in modem and audio has commenced.

Product design of network camera and alarm centre software has reached final stage and prototypes are expected to be ready by the end of next quarter.

Sale and marketing

With the launch of new products and diligent efforts from its marketing team, the Group won several big projects within the reporting period. The launch of **TeleEye III+ VRT** enabled the Group to get substantial orders from a major local telecommunications operator for monitoring telephone exchanges. Moreover, the new **Cyber TeleEye Web Video Solution** also attracted a world famous international Internet service provider to use it in a traffic monitoring project that allows one thousand viewers to get live image on the web simultaneously.

為向市場推廣最新產品，本集團分別於英國、香港及中國舉行研討會、工作坊及巡迴展覽，亦參與在香港、德國及北京舉行之五個大型展覽會，而本集團之分銷商亦積極參與於意大利、菲律賓、克羅地亞及匈牙利舉行的展覽會。此外，匈牙利之分銷商更為**TeleEye**產品贏取2002年度安全產品解決方案之獎項，進一步提升本集團產品於匈牙利的知名度。另外，本集團之市場推廣隊伍亦造訪東歐及西歐之分銷商及主要客戶，藉此在該等地區大力推廣新產品，從而刺激銷售額。於回顧期間內，本集團與位於馬爾他、愛爾蘭及中國的三家新分銷商簽約。

於二零零二年十月，本集團刊印一份業務通訊，並派發予全球逾萬名具潛力之顧客、轉售商及分銷商。隨著於中國成立新辦事處，本集團亦推出新的中文網站（簡體版本），並開始進行一連串的招聘轉售商計劃。

展望

整體而言，營商環境仍然艱鉅，競爭激烈。縱使經濟情況不明朗，然而與去年同期相比，本集團之營業額仍然取得顯著改善，而財務表現得以改善，乃歸功於本集團在產品研發、拓展全球市場及成本控制方面之努力不懈所致。

在本集團四家海外辦事處全面投入營運之情況下，預期銷售渠道及收入將不斷增長，而當中尤其以中國辦事處為甚，能夠為本集團打入發展一日千里之中國市場奠下穩固根基。同時，日後可能發展的流動視像方案，亦有助本集團於日本開拓一個龐大兼具潛力之市場。為充份使用本集團銷售的渠道，以**TeleEye**品牌推出的新原設備加工攝像機即將面世，以圖增加額外收入。

本集團將繼續致力於研發方面，同時亦會於未來季度為新產品進行一連串之推廣計劃，而因應網絡攝像機、數碼錄像機及視像傳送器之市場快速增長，本集團將研發此等產品之新版本。本集團深信，此等多元化的產品線將有助鞏固其市場定位，不斷迎接挑戰。

To introduce its latest developments to the markets, seminars, workshops and roadshows were held in the United Kingdom, Hong Kong and China, respectively. The Group also participated in five major exhibitions held in Hong Kong, Germany and Beijing. Its distributors also actively joined exhibitions in Italy, Philippines, Croatia and Hungary. The distributor in Hungary even won the Security Solution of Year 2002 Award for **TeleEye** products, which further enhanced its brand awareness in Hungary. The Group's marketing team visited distributors and major clients in the Western and Eastern Europe to introduce the new products and boosted the sales in those areas further. During the period under review, the Group signed three new distributors in Malta, Ireland and China.

In October 2002, the Group published and distributed a newsletter to more than ten thousand potential customers, resellers and distributors worldwide. With the establishment of the new China office, the Group also launched its new simplified Chinese web site and started to hold a series of resellers recruitment programs.

Prospects

The business environment was generally difficult and competitive. Despite of the unfavorable economic conditions, the Group had achieved a significant improvement in its turnover as compared to the corresponding period last year. The improved financial performance was attributable to the Group's efforts on product development, global market expansion as well as cost control.

With the full operation of four overseas offices, sales channels and revenues are expected to grow further. The China office in particular sets a solid foundation for the Group to tap into the growing China market. The possible development of future mobile video solution may open up a large potential market in Japan. To make full use of the Group's existing channels, new OEM cameras using the **TeleEye** brand name will be introduced to bring in additional revenue.

Research and development will still be the Group's focus and a series of new product launch programs will be conducted in the coming quarters. The new additions will cover the rapidly growing markets of network cameras, digital video recorder as well as video transmitters. The Group believes that these comprehensive product lines will strengthen its market position against competitions.

業務目標與實際業務進度之比較

如招股章程所載截至二零零二年十二月三十一日止六個月之業務目標

Key business objectives as stated in the Prospectus for the six months ended 31 December 2002

產品發展

Product development

推出 **TeleEye III** 錄像機之改良版本

Launch improved version of **TeleEye III Video Recorder**

推出 **Cyber TeleEye** 之改良版本

Launch improved version of **Cyber TeleEye**

進一步發展網際攝像機之多種型號

Further develop different models of web camera

推出網絡語音接收及錄音系統

Launch network based audio reception and recording system

開始發展專為智能家居市場而設的低成本 **TeleEye** 產品

Commence development of low cost **TeleEye** for the intelligent home market

開始發展其他網際視像應用方案

Commence development of other web based video applications

開始發展流動視像傳送器

Commence development of mobile video transmission units

開始發展第四代 **TeleEye** 視像傳送器

Commence development of the fourth generation of **TeleEye Video Transmitter**

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

截至二零零二年十二月三十一日止六個月之實際業務進度

Actual business progress in respect of the six months ended 31 December 2002

已完成工作，**TeleEye III+** 數碼錄像傳送器之專業版已經推出市場

Work finished and professional model of **TeleEye III+ Video Recording Transmitter** has been launched

已完成工作，**Cyber TeleEye** 網際視像整合方案已推出市場

Work finished and **Cyber TeleEye Web Video Solution** has been launched

已開始進行產品設計

Product design has commenced

錄音功能已置入接收軟件及 **TeleEye III+** 數碼錄像傳送器

Audio recording function has been incorporated into the reception software and **TeleEye III+ Video Recording Transmitter**

已開始設定產品規格及進行產品設計工作

Product specification and design has commenced

已開始發展為 **TeleEye III+** 數碼錄像傳送器而設的網絡視像重播功能

Development of web based video playback function for **TeleEye III+ Video Recording Transmitter** has commenced

已開始進行產品設計

Product design has commenced

已開始檢討市場對產品的要求及日後發展方向

Review of market demands and future trends have commenced

如招股章程所載截至二零零二年十二月三十一日止六個月之業務目標

Key business objectives as stated in the Prospectus for the six months ended 31 December 2002

銷售及市場推廣

Sales and marketing

在已確定對 **TeleEye** 系統有發展潛力之主要城市成立辦事處或合營企業

Set up an office or a joint venture company in a major city where potential for **TeleEye** Systems can be identified

在德國、美國及香港參加交易會及展覽會

Attend trade fairs and exhibitions in Germany, the US and Hong Kong

舉辦分銷商會議以提供技術培訓、檢討市場推廣計劃及銷售策略，並協助解決任何涉及分銷的問題

Organise a distributors' conference to provide technical training, review marketing plans, sales techniques and resolve any distribution problems

透過宣傳活動（例如召開記者招待會、在貿易雜誌及大眾傳媒刊載有關產品之資料及在主要貿易雜誌及大眾傳媒刊登廣告），繼續為本集團之品牌打響知名度

Continue to create brand name awareness through promotional activities such as press conferences, product profile coverage in trade magazines and by mass media, and advertising in major trade magazines and mass media

探訪海外分銷商，檢討市場計劃，提供技術培訓及支援

Visit overseas distributors to review marketing plans, provide technical training and support

資源調度

Resources deployment

增聘6名工程、研究及發展職員，令該部門職員總數增至36名

Increase engineering and research and development staff by 6 to 36

增聘2名銷售及市場推廣職員，令該部門職員總人數增至17名

Increase sales and marketing staff by 2 to 17

預期全職員工總數為59名

Total number of full-time staff expected to be 59

截至二零零二年十二月三十一日止六個月之

實際業務進度

Actual business progress in respect of the six months ended 31 December 2002

中國辦事處已投入營運

China office has been in operation

已在德國、香港及中國參加大型展覽會

Participated in major exhibitions in Germany, Hong Kong and China

已提供技術培訓、舉辦研討會、巡迴展覽、舉辦工作坊及造訪客戶

Technical training, seminars, roadshow, workshops, customers visits have been conducted

所有宣傳活動，尤其為推出新產品而進行的宣傳活動已依計劃進行

All promotional activities have been carried out as planned especially for the launch of new products

已完成探訪中國、東歐、西歐、日本及東南亞

Visits have been paid to China, Eastern and Western Europe, Japan and South East Asia

中國辦事處增聘1名工程職員。全職工程與研究及發展部門的員工總數為17名

One more engineering staff for the China office has been employed. Total number of full-time engineering and research and development staff is 17

中國辦事處增聘2名職員，香港辦事處則額外增聘2名職員。全職銷售及市場推廣部門的員工總數為20名

Two more staff has been employed for the China office. Two more staff has been employed for the Hong Kong office. Total number of full-time sales and marketing staff is 20

中國辦事處增聘1名財務及行政職員。全職員工總數為43名

One more finance and administration staff for the China office has been employed. Total number of full time staff is 43

所得款項用途

公開上市所得款項淨額已作下列用途：

銷售及市場推廣	Sales and marketing
產品開發	Product development

於回顧期間內，本集團以較緩慢之步伐進行載於招股章程之業務計劃以減少任何因全球經濟逆轉之不明朗因素而產生之業務風險。故此，所得之款項之應用速度減慢。本集團目前擬將餘下之所得款項淨額將如招股章程所載應用於有關方面。

餘下之所得款項淨額6,700,000港元已存於香港持牌銀行。

董事於證券之權益

於二零零二年十二月三十一日，本公司董事及彼等之聯繫人士根據證券(披露權益)條例(「披露權益條例」)第29條而存置之登記冊所載，或根據創業板上市規則第5.40至5.59條之規定須知會本公司及聯交所於本公司之已發行股本中擁有以下權益：

董事姓名
Name of director

陳作基博士
Dr. Chan Chok Ki
陳祥發博士
Dr. Chan Cheung Fat
馬志傑博士
Dr. Ma Chi Kit
何家豪先生
Mr. Ho Ka Ho

USE OF PROCEEDS

The net proceeds from the public listing was applied in the following areas:

截至二零零二年 十二月三十一日止六個月 For the six months ended 31 December 2002	
建議 Proposed 百萬港元 HK\$ million	實際 Actual 百萬港元 HK\$ million
14	4
4	2
<hr/>	<hr/>
18	6
<hr/>	<hr/>

During the period under review, the Group intends to carry out its business objectives, as stated in the Prospectus, in a slower pace in order to minimise any business risks arising from the uncertainties in the global economic downturn. As a result, the rate of application of proceeds had been slowed down. It is the present intention of the Group that the remaining net proceeds will still be applied in those areas as stated in the Prospectus.

The remaining net proceeds of HK\$6.7 million have been placed with a licensed bank in Hong Kong.

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 2002, the interests of the directors and their associates in the issued share capital of the Company, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), or which are required, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

	所持有之普通股數目 Number of ordinary shares held			
	個人權益 Personal interests	家族權益 Family interests	公司權益 Corporate interests (附註) (note)	其他權益 Other interests
陳作基博士 Dr. Chan Chok Ki	—	—	104,000,000	—
陳祥發博士 Dr. Chan Cheung Fat	—	—	104,000,000	—
馬志傑博士 Dr. Ma Chi Kit	—	—	104,000,000	—
何家豪先生 Mr. Ho Ka Ho	—	—	104,000,000	—

附註：於二零零二年十二月三十一日，此等佔本公司已發行股本57.8%之股份由Etin City Limited持有。Etin City Limited由Etin Tech Limited及城大企業有限公司分別按70%及30%之比例持有。Etin Tech Limited乃由陳作基博士、陳祥發博士、馬志傑博士及何家豪先生分別按約44.3%、34.3%、14.3%及7.1%之比例擁有。

除上文所披露者及由一名董事以本集團信託之身份持有於附屬公司之代理人股份外，於二零零二年十二月三十一日，根據創業板上市規則第5.40至5.59條須知會本公司及聯交所之規定，本公司之董事（見披露權益條例之定義）並無於本公司之任何證券中擁有任何權益。

購股權

本公司採納招股前購股權計劃（「招股前購股權計劃」）及購股權計劃（「購股權計劃」），藉以向合資格僱員（包括本公司及其附屬公司之執行董事）授出購股權。

本公司根據於二零零一年四月十二日通過之一項決議案採納招股前購股權計劃，藉以對本公司及其附屬公司之執行董事及僱員對本集團之成功及／或本公司股份於創業板上市所作出之貢獻予以肯定。根據計劃購股權授予持有人權利可按每股普通股0.60港元認購本公司之新普通股，而根據計劃可予授出之購股權涉及之最高股份數目為14,400,000股。可授予任何人士之購股權之股份數目不可超過3,600,000股。

購股權在並未支付任何初步款項之情況下仍然可予授出。購股權在股份於創業板開始買賣後，可分別在滿六個月、十八個月、三十個月及四十二個月之後之任何時間內，順次序行使合共佔購股權總額之25%、50%、75%及100%。該等購股權由各自可行使之日期起計十年內有效。

自本公司股份於二零零一年五月八日在創業板上市後，根據招股前購股權計劃，本公司將不得再授出購股權，而在此以前獲授購股權之持有人所享有之權益將不會受到影響，根據計劃之條款該等已授出之購股權將仍然有效並可予以行使。

Note: These shares, representing 57.8% of the issued share capital of the Company as at 31 December 2002, are held by Etin City Limited, which is owned by Etin Tech Limited and CityU Enterprises Limited in the proportion of 70% and 30%, respectively. Etin Tech Limited is owned by Dr. Chan Chok Ki, Dr. Chan Cheung Fat, Dr. Ma Chi Kit and Mr. Ho Ka Ho in the proportion of approximately 44.3%, 34.3%, 14.3% and 7.1%, respectively.

Save as disclosed above, and other than a nominee share in a subsidiary held by a director in trust for the Group, at 31 December 2002, none of the directors of the Company had any interests in any securities of the Company as defined in the SDI Ordinance or which are required, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTIONS

The Company adopts the Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") and the Share Option Scheme (the "Option Scheme") to grant share options to eligible employees, including the executive directors of the Company and its subsidiaries.

The Pre-IPO Scheme was adopted pursuant to a resolution passed on 12 April 2001 to recognise the contribution of executive directors and employees of the Company and its subsidiaries to the growth of the Group and/or the listing of the Company's shares on the GEM. The options under the scheme grant the right to the holder to subscribe for new ordinary shares of the Company at HK\$0.60 per ordinary share and the maximum number of shares in respect of which options might be granted under the scheme was 14,400,000. The number of shares in respect of which options might be granted to any individual was not permitted to exceed 3,600,000.

Options might be granted without any initial payment. Options granted are exercisable to the extent of an aggregate total of 25%, 50%, 75% and 100% at anytime after 6 months, 18 months, 30 months and 42 months, respectively, from the commencement of the trading of the shares on the GEM, and have a duration of 10 years from their respective vesting dates.

Upon the listing of the Company's shares on the GEM on 8 May 2001 no further options could be granted by the Company under the Pre-IPO Scheme. The rights of the holders of the share options granted prior thereto are not affected and such options granted continue to remain valid and exercisable in accordance with the terms of the scheme.

下表披露於本期間內根據招股前購股權計劃本公司之購股權之變動詳情：

本公司之董事
Directors of the Company

陳作基博士	二零零一年四月十二日
Dr. Chan Chok Ki	12 April 2001
馬志傑博士	二零零一年四月十二日
Dr. Ma Chi Kit	12 April 2001
何家豪先生	二零零一年四月十二日
Mr. Ho Ka Ho	12 April 2001

本集團僱員	二零零一年四月十二日
Employees of the Group	12 April 2001

自授出日期起計並無購股權獲行使。

附註：此等購股權在承授人辭任後失效。

本公司於二零零一年四月十二日採納購股權計劃之主要目的旨在向董事及合資格僱員提供獎勵，有效期為十年。購股權在並未支付任何款項之情況下仍然可予授出，並須於授出日期起計21日內接納。認購價（可予調整）將為(i)本公司股份面值；(ii)本公司股份在授出日期於聯交所創業板之每日報價表（「每日報價表」）之收市報價；及(iii)本公司股份在緊接授出日期前五個交易日於每日報價表之平均收市報價（三者以最高款額者為準）。

購股權持有人可在由董事釐定之該等期間內認購本公司之股份（該等期間為不得少於自授出日期起計三年但不得超過十年）。該等授出之購股權涉及之最高股份數目，任何時候都不得超過本公司已發行股份之10%。

The following table discloses movements in the Company's share options under the Pre-IPO Scheme during the period:

授出日期 Date of grant	每股 行使價 Exercise price per share 港元 HK\$	於二零零二年 七月一日 尚餘之購股權 Balance at 1 July 2002	於期間內已 失效之購股權 Lapsed during the period (附註) (note)	於二零零二年 十二月三十一日 尚餘之購股權 Balance at 31 December 2002
本公司之董事 Directors of the Company				
陳作基博士 Dr. Chan Chok Ki	0.60	1,800,000	—	1,800,000
馬志傑博士 Dr. Ma Chi Kit	0.60	1,440,000	—	1,440,000
何家豪先生 Mr. Ho Ka Ho	0.60	1,364,000	—	1,364,000
		4,604,000	—	4,604,000
本集團僱員 Employees of the Group	0.60	9,120,000	(1,292,000)	7,828,000
		<u>13,724,000</u>	<u>(1,292,000)</u>	<u>12,432,000</u>

No options had been exercised since the date of grant.

Note: These options lapsed upon the resignation of grantees.

The Option Scheme was adopted on 12 April 2001 for the primary purpose of providing incentives to directors and eligible employees for a term of ten years. Option may be granted without any initial payment and should be accepted within 21 days from the date of grant. The subscription price, subject to adjustment, is the higher of (i) the nominal value of the shares of the Company; (ii) the closing price of the Company's shares as stated in the GEM of the Stock Exchange's daily quotation sheet ("Daily Quotation Sheet") on date of grant; and (iii) the average closing price of the Company's shares as stated in the Daily Quotation Sheet for the five business days immediately preceding the date of grant.

The option holder may subscribe for shares in the Company during such period as may be determined by the directors (which shall be not less than three years and not more than ten years from the date of grant). The maximum number of shares in respect of which options may be granted cannot exceed 10% of the issued share capital of the Company from time to time.

倘僱員或董事全面行使購股權而將致使該等僱員或董事有權認購根據購股權計劃當時已發行或可予發行之股份數目合計超過25%者，則不得向彼等授出購股權。自採納購股權計劃以來本公司並無授出購股權。

除上文所披露者外，於本期間任何時間內，本公司、其控股公司或其任何附屬公司概無參與任何能夠讓本公司各董事可藉著購入本公司或任何其他法人團體之股份或債務證券而獲得利益之安排，而本公司之董事、彼等之配偶或年齡在18歲以下之子女於期間內亦無擁有可認購本公司之證券之任何權益或行使任何該等權益。

主要股東

於二零零二年十二月三十一日，除上文披露有關若干董事之利益外，本公司並不知悉任何人士在本公司已發行股本中擁有10%或以上權益。

競爭權益

董事相信，本公司各董事或管理層股東（見創業板上市規則之定義）沒有在與本集團在業務上競爭或可能會與本集團在業務上競爭之業務擁有任何權益。

買賣或贖回本公司之上市證券

於回顧期間內，本公司或其任何附屬公司概無買賣或贖回本公司之任何上市證券。

公司管治

截至二零零二年十二月三十一日止六個月內，本公司一直遵照創業板上市規則第5.28至5.39條所載之董事會遵例及程序。

審核委員會

審核委員會由兩名成員組成，包括兩位獨立非執行董事蕭允治教授及廖約克博士。

審核委員會已與管理層審閱本集團所採納之會計準則，並商討財務報告事宜，包括審閱未經審核中期業績報告。

No employee or director shall be granted an option which, if exercised in full, would result in such employee or director becoming entitled to subscribe for more than 25% of the aggregate number of shares for the time being issued and issuable under the Option Scheme. No options had been granted since the adoption of the Option Scheme.

Save as disclosed above, at no time during the period was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or children under the age of eighteen, had any rights to subscribe for securities of the Company, or had exercised any such rights during the period.

SUBSTANTIAL SHAREHOLDERS

Other than the interest disclosed above in respect of certain directors, the Company has not been notified of any other interests as at 31 December 2002 representing 10% or more of the issued share capital of the Company.

COMPETING INTERESTS

The directors believe that none of the directors nor the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

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

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 31 December 2002 with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

AUDIT COMMITTEE

The audit committee has two members comprising two independent non-executive directors, namely Professor Siu Wan Chi and Dr. Liao York.

The audit committee has reviewed with the management the accounting principles adopted by the Group and discussed financial reporting matters including the review of the unaudited interim report.

保薦人權益

本公司之保薦人博資財務有限公司(「博資」)或其聯繫人士概無因本公司於聯交所創業板上市而獲取任何重大利益(惟本公司與博資訂立之保薦人協議除外)。據此保薦人協議，博資由二零零一年五月八日至二零零三年六月三十日止期間擔任本公司之保留保薦人而收取或將因此收取費用。

除上文所披露者外，於二零零二年十二月三十一日，博資、其董事、僱員及聯繫人士概無於本公司或本集團任何成員公司之證券中擁有任何權益，或擁有認購或提名任何人士認購本公司或本集團任何成員公司之證券之任何權利。

承董事會命
主席兼行政總裁
陳作基博士

香港，二零零三年二月十三日

SPONSOR'S INTERESTS

Neither the sponsor of the Company, AMS Corporate Finance Limited ("AMS"), nor its associates obtained any material benefit as a result of the listing of the Company on the GEM of the Stock Exchange, other than by a sponsor agreement entered into between AMS and the Company, pursuant to which AMS received, and will receive, fees for acting as the Company's retained sponsor for the period from 8 May 2001 to 30 June 2003.

Save as disclosed above, as at 31 December 2002, AMS, its directors, employees and associates did not have any interest in the securities of the Company or any members of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any members of the Group.

By order of the Board
DR. CHAN CHOK KI
Chairman and Chief Executive Officer

Hong Kong, 13 February 2003

