



# 金融社控股有限公司 STOCKMARTNET HOLDINGS LTD.

*(incorporated in the Cayman Islands with limited liability)*



Third Quarterly Report **2003**

## **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 of the Stock Exchange 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. GEM-listed issuers are not generally required to issue paid announcements 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.**

*Pursuant to Chapter 36 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”), the Securities and Futures Commission (the “SFC”) regulates Stockmartnet Holdings Ltd. (the “Company”) in relation to the listing of its shares on the Stock Exchange. The SFC and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim 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 the Company (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. 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.*

**HIGHLIGHTS**

The Group recorded a turnover of approximately HK\$3,260,000 for the nine months ended 30th September, 2003.

Net loss attributable to shareholders for the nine months ended 30th September, 2003 amounted to approximately HK\$14,132,000.

Loss per share was 1.85 HK cents.

The Directors do not recommend the payment of a dividend for the nine months ended 30th September, 2003.

**THIRD QUARTERLY RESULTS (UNAUDITED)**

The board of Directors (the "Board") announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 30th September, 2003 together with the comparative unaudited figures for the corresponding periods in 2002.

**CONSOLIDATED INCOME STATEMENT**

	Notes	Three months ended 30th September,		Nine months ended 30th September,	
		2003 HK\$'000 (unaudited)	2002 HK\$'000 (unaudited)	2003 HK\$'000 (unaudited)	2002 HK\$'000 (unaudited)
Turnover	3	1,581	373	3,260	1,228
Other operating income	4	57	255	262	731
		<u>1,638</u>	<u>628</u>	<u>3,522</u>	<u>1,959</u>
Amortisation of intangible assets		(154)	-	(618)	-
Loss on disposal of property and equipment		(1)	(5)	(124)	(5)
Depreciation		(212)	(125)	(647)	(274)
Staff costs, including directors' remuneration		(2,765)	(3,423)	(8,927)	(10,125)
Other operating expenses		(2,320)	(2,321)	(7,338)	(6,447)
		<u>(3,814)</u>	<u>(5,246)</u>	<u>(14,132)</u>	<u>(14,892)</u>
Loss before taxation		(3,814)	(5,246)	(14,132)	(14,892)
Taxation	5	-	-	-	-
		<u>(3,814)</u>	<u>(5,246)</u>	<u>(14,132)</u>	<u>(14,892)</u>
Net loss for the period		<u>(3,814)</u>	<u>(5,246)</u>	<u>(14,132)</u>	<u>(14,892)</u>
Loss per share					
- basic and diluted	6	<u>(0.50 cents)</u>	<u>(0.69 cents)</u>	<u>(1.85 cents)</u>	<u>(1.98 cents)</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2003**

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January, 2002	5,080	291	4,779	(16,480)	(6,330)
Issue of shares at premium on listing	2,531	93,639	-	-	96,170
Issue of shares to purchase a trading right in the Exchange	38	436	-	-	474
Share issue expenses	-	(13,392)	-	-	(13,392)
Net loss for the year	-	-	-	(22,647)	(22,647)
	<u>7,649</u>	<u>80,974</u>	<u>4,779</u>	<u>(39,127)</u>	<u>54,275</u>
At 31st December, 2002 and 1st January, 2003	7,649	80,974	4,779	(39,127)	54,275
Net loss for the period	-	-	-	(14,132)	(14,132)
	<u>7,649</u>	<u>80,974</u>	<u>4,779</u>	<u>(53,259)</u>	<u>40,143</u>
At 30th September, 2003	7,649	80,974	4,779	(53,259)	40,143

Notes:

### 1. GENERAL

The Company was incorporated on 24th May, 2001 as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands.

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of financial services including the provision of a trading platform, brokerage and securities margin financing business and infrastructure broking services comprising trading, clearing and settlement.

Pursuant to a special resolution passed by the Company's shareholders on 28th April, 2003, the name of the Company was changed from Stockmartnet Holdings Limited 證券業合作社控股有限公司 to Stockmartnet Holdings Ltd. 金融社控股有限公司.

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements of the Group for the three months and nine months ended 30th September, 2003 (the "Consolidated Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and with applicable Statements of Standard Accounting Practice ("SSAP(s)") issued by the Hong Kong Society of Accountants.

The Consolidated Financial Statements have been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in preparation of the Group's annual financial statements for the year ended 31st December, 2002, except as described below.

For the current accounting period, the Group has adopted SSAP 12 (Revised) "Income Taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arisen, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. This change in accounting policy has not had any material effect for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

### 3. TURNOVER

Turnover represents the net invoiced value for the fees charged to customers in relation to the provision of trading platform, brokerage and securities margin financing business and infrastructure broking services and is analysed as follows:

	Three months ended 30th September,		Nine months ended 30th September,	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Income from trading platform	97	373	285	1,184
Commission income	1,257	-	2,541	44
Interest income from clients	42	-	170	-
Infrastructure broking services fee	185	-	264	-
	<u>1,581</u>	<u>373</u>	<u>3,260</u>	<u>1,228</u>

### 4. OTHER OPERATING INCOME

	Three months ended 30th September,		Nine months ended 30th September,	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income from bank deposits	26	215	153	642
Sundry income	31	40	109	89
	<u>57</u>	<u>255</u>	<u>262</u>	<u>731</u>

### 5. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group incurred a tax loss for the period. At 30th September, 2003, the Group has unused tax losses of approximately HK\$53,419,000 (31st December, 2002: approximately HK\$40,388,000) available for offset against future profits. No deferred tax asset has been recognised in respect of tax losses due to the unpredictability of future profit streams.

### 6. LOSS PER SHARE - BASIC AND DILUTED

The calculation of the basic loss per share for the three months and nine months ended 30th September, 2003 is based on the net loss of the Group of approximately HK\$3,814,000 and HK\$14,132,000 respectively (three months and nine months ended 30th September, 2002: loss of approximately HK\$5,246,000 and HK\$14,892,000 respectively) and 764,886,000 shares (three months and nine months ended 30th September, 2002: weighted average of 761,094,000 and 751,823,670 shares respectively) in issue during the period. The computation of diluted loss per share has not assumed the exercise of options outstanding during the period because their exercise would reduce loss per share.

**7. SHARE CAPITAL**

	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 31st December, 2002 and 30th September, 2003	<u>10,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
At 31st December, 2002 and 30th September, 2003	<u>764,886</u>	<u>7,649</u>

**8. DIVIDEND**

The Directors do not recommend the payment of any dividend by the Company for the nine months ended 30th September, 2003.

**BUSINESS REVIEW AND OUTLOOK****Market Overview**

As the Hong Kong stock market continues to improve due to the expected recovery of the Hong Kong economy and the improvement of the US market, local investors regained some confidence and stock trading volume increased substantially during the third quarter. In September 2003, the market turnover in terms of value amounted to approximately HK\$13,776 million, an increase of 163% as compared with approximately HK\$5,236 million in September 2002. The improved market conditions were conducive to the Group's introduction of new products and services to better serve its clients and broker members and to broaden its revenue base.

**Services Development***New Product Offerings*

During the third quarter of 2003, the Group has successfully launched a few new products. The Group has introduced these products based on demand from our clients and broker members. The new product offerings are as follows:

*Hong Kong Futures*

The Group has rolled this product out in mid August 2003 and currently a few of our interested broker members are in the midst of applying for the requisite registration with the SFC. We anticipate that our first client for this product should be ready in the last quarter of 2003.

*Global Electronic Futures*

This offering is currently traded via our Internet website and it includes the principal electronically tradable futures. Clients can trade products such as E-mini Dow, E-mini S&P, E-mini Nasdaq, E-DAX, FTSE, currency futures, etc., online. Clients are expected to benefit from the speed and efficiency of the platform and it is a business that continues to grow.

**Back-Office System**

As we have launched a series of new products, our back-office system was enhanced with new functions and features to the multi-product, multi-currency features in order to cope with the growth.

**Total Infrastructure Broking Services**

We have so far assisted four stockbroking firms in successfully implementing our total infrastructure broking services which comprise trading, clearing and settlement. We will continue to promote our services to other stockbroking firms and introduce this with our total product offering for a complete customer experience.

**Outlook**

We believe that improving market conditions will increasingly incentivize stockbroking firms to expand their business activities by offering trading facilities with multi-market, multi-product, multi-currency and multi-language functionality. As a total brokerage infrastructure services provider, it is our steadfast objective to assist the brokerage community in this development initiative, primarily by addressing the dynamic local and overseas infrastructural needs of small and medium-sized brokers.

**Financial Review**

The turnover of the Group was approximately HK\$3,260,000 for the period ended 30th September, 2003 (2002: approximately HK\$1,228,000). This represented an increase of 165% from the previous period due to the launch of our brokerage and securities margin financing business and infrastructure broking services. Given the increase in turnover, the loss attributable to shareholders for the period ended 30th September, 2003 decreased to approximately HK\$14,132,000 from approximately HK\$14,892,000 during the corresponding period in 2002.

### Liquidity and Financial Resources

As at 30th September, 2003, the Group had total assets of approximately HK\$55,931,000, including bank balances and cash of approximately HK\$34,699,000. The Group did not have any bank borrowing or loan during the period under review. As at 30th September, 2003, the Group's gearing ratio, defined as the Group's total borrowings divided by shareholders' funds, was nil. The Group financed its operations entirely with its own internal funding. With net current asset of approximately HK\$35,461,000, the Group remained in a financially liquid position as at 30th September, 2003. The Directors believe that the Group has a healthy financial position and has sufficient resources to meet its working capital requirement and ongoing development.

Since essentially all of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangements to reduce the currency risk have been implemented.

### Employees information

As at 30th September, 2003, the Group had 19 employees (2002: 23). For the nine months ended 30th September, 2003, the total staff costs amounted to approximately HK\$8,927,000 (2002: approximately HK\$10,125,000). The Group's remuneration policies are determined on the basis of the performance and experience of individual employees.

### Capital structure

Apart from the allotment and issue of 3,792,000 new shares at HK\$0.125 per share to First Sign Securities Limited on 26th November, 2002 as part of the consideration for the acquisition of a trading right in the Stock Exchange by one of the Group's subsidiaries, there has been no change in the capital structure of the Company since the listing of the Company on GEM on 11th January, 2002.

### Significant investments

For the nine months ended 30th September, 2003, the Group had made no significant investments.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2003, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standard of dealings by Directors as referred to in Rule 5.40 of the GEM Listing Rules, were as follows:

#### Long positions in shares of the Company

Name of Director	Number of shares beneficially held			Approximate shareholdings
	Personal	Corporate	Total	
Seto John Gin Chung	4,719,000	–	4,719,000	0.62%
Lee Yiu Sun	4,719,000	–	4,719,000	0.62%
Yue Wai Keung	4,719,000	2,574,000 (Note 1)	7,293,000	0.96%
Chan Henry	4,719,000	2,574,000 (Note 2)	7,293,000	0.96%
Chan Kai Yu, Martin	4,719,000	2,574,000 (Note 3)	7,293,000	0.96%
Chan Hung Ti	4,719,000	2,574,000 (Note 4)	7,293,000	0.96%
Cheng Chi Lam	7,293,000	–	7,293,000	0.96%
Cheung Wah Fung, Christopher	4,719,000	2,574,000 (Note 5)	7,293,000	0.96%
Espina Anthony	5,061,000	2,574,000 (Note 6)	7,635,000	1.00%
Lee Jor Hung	4,719,000	2,574,000 (Note 7)	7,293,000	0.96%
Lee Sheung Yam	4,719,000	–	4,719,000	0.62%
Wong Wai Sum	4,719,000	2,574,000 (Note 8)	7,293,000	0.96%

*Notes:*

1. Mr. Yue Wai Keung was deemed to be interested in 2,574,000 shares through his controlling interest in Luen Fat Securities Company Limited.
2. Mr. Chan Henry was deemed to be interested in 2,574,000 shares through his controlling interest in Sanfull Securities Limited.
3. Mr. Chan Kai Yu, Martin was deemed to be interested in 2,574,000 shares through his controlling interest in Wellfull Securities Company Limited.
4. Mr. Chan Hung Ti was deemed to be interested in 2,574,000 shares through his controlling interest in Troopers Securities Limited.
5. Mr. Cheung Wah Fung, Christopher was deemed to be interested in 2,574,000 shares through his controlling interest in Christfund Securities Limited.
6. Mr. Espina Anthony was deemed to be interested in 2,574,000 shares through his controlling interest in Goldride Securities Limited.
7. Mr. Lee Jor Hung was deemed to be interested in 2,574,000 shares through his controlling interest in DL Brokerage Limited.
8. Mr. Wong Wai Sum was deemed to be interested in 2,574,000 shares through his controlling interest in Hing Wong Securities Limited.

**Long positions in underlying shares of the Company**

The Company operates two share option schemes, namely the Share Option Scheme and the Pre-IPO Share Option Plan (as defined in the prospectus of the Company dated 8th January, 2002), under which the participants are entitled to an opportunity to obtain equity interest in the Company in respect of their services and/or goods provided to the Group.

Details of movements in the Pre-IPO Share Option Plan granted to the relevant persons were as follows:

Name of grantee	Date of grant	Number of options		Outstanding as at 30th September, 2003	Exercise period	Approximate exercise price per share (approximately) HK\$
		Outstanding as at 1st January, 2003	Lapsed during the period			
Lee Wai Hung, Alan (note)	17/12/2001	10,296,000	(10,296,000)	-	11/01/2004 – 16/12/2010	0.019
So Kin Wing	17/12/2001	5,148,000	-	5,148,000	11/01/2004 – 16/12/2010	0.019
		<u>15,444,000</u>	<u>(10,296,000)</u>	<u>5,148,000</u>		

Note: Mr. Lee Wai Hung, Alan resigned as an executive Director with effect from 20th September, 2003.

No options were offered or granted under the Pre-IPO Share Option Plan during the nine months ended 30th September, 2003 as the right to offer or grant options under the Pre-IPO Share Option Plan ended upon the listing of the Company's shares on GEM.

All the above mentioned outstanding options are unlisted and represent physically settled equity derivatives.

No options under the Share Option Scheme were outstanding at the beginning of nor were any such options granted during the nine months ended 30th September, 2003.

The options granted under the Company's share option schemes are not recognised in the financial statements until they are exercised. The Directors consider that it is not appropriate to state the value of such options on the ground that there are serious limitations in the application of the Black-Scholes Model and the Binomial Model in the valuation of such options, especially given that the key assumption underlining these derivative valuation metrics – that the options valued can be sold in a secondary market transaction – is not valid because holders of such options may not sell such options, they may only exercise them. Accordingly, the Directors believe that any valuation of such options would not be meaningful and may be misleading to the shareholders of the Company.

**Long positions in debentures of the Company**

No long positions of the Directors or the chief executive of the Company in the debentures of the Company or its associated corporations were recorded in the register, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.

**Short positions in shares of the Company**

No short positions of the Directors or the chief executive of the Company in the shares of the Company or its associated corporations were recorded in the register, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.

**Short positions in underlying shares of the Company**

No short positions of the Directors or the chief executive of the Company in the underlying shares of the equity derivatives of the Company or its associated corporations were recorded in the register, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.

Save as disclosed above, as at 30th September, 2003, none of the Directors or the chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standard of dealings by Directors as referred to in Rule 5.40 of the GEM Listing Rules. During the nine months ended 30th September, 2003, there was no debt securities issued by the Group at any time.

**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30th September, 2003, the following persons (other than the Directors and the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

**Long positions in shares of the Company**

Name	Capacity	Nature of interest	Number of shares	Approximate shareholdings
Lau Tung Hoi (Note 1 and Note 4)	Founder of a discretionary trust	Deemed	58,926,000	7.70%
HSBC International Trustee Limited (Note 1, Note 2 and Note 4)	Trustee	Corporate	58,926,000	7.70%
Linwood Services Ltd. (Note 3 and Note 4)	Interest of a controlled corporation	Corporate	58,926,000	7.70%
First Sign International Holdings Limited (Note 2, Note 3 and Note 4)	Interest of a controlled corporation	Corporate	58,926,000	7.70%

**Notes:**

- Mr. Lau Tung Hoi was deemed to be interested in 58,926,000 shares as he is the founder of the LCY Trust.
- HSBC International Trustee Limited, as trustee of the LCY Trust, was deemed to be interested in 58,926,000 shares through its indirect controlling interest of 66.98% in First Sign International Holdings Limited.
- Linwood Services Ltd. was deemed to be interested in 58,926,000 shares through its controlling interest of 66.98% in First Sign International Holdings Limited.
- The 58,926,000 shares held by each of Mr. Lau Tung Hoi, HSBC International Trustee Limited, Linwood Services Ltd. and First Sign International Holdings Limited refer to the same parcel of shares.

**Long Positions in underlying shares of the Company**

No long positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.



**Short positions in shares of the Company**

No short positions of other persons or substantial shareholders in the shares of the Company were recorded in the register.

**Short positions in underlying shares of the Company**

No short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Save as disclosed above, as at 30th September, 2003, the Company had not been notified of any other person who had an interest or short position in the shares or underlying shares of the Company and was required to be recorded in the register required to be kept under Section 336 of the SFO and/or was directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

**INTEREST IN COMPETITORS**

The following companies in which certain Directors hold controlling interests are engaged in securities-related and securities margin financing business and are therefore competing with the Group in this aspect of its business.

<b>Name of company</b>	<b>Name of Director with controlling interest</b>
Lee Tat & Company*	Cheng Chi Lam
Luen Fat Securities Company Limited	Yue Wai Keung
Sanfull Securities Limited	Chan Henry
Wellfull Securities Company Limited	Chan Kai Yu, Martin
Troopers Securities Limited	Chan Hung Ti
Christfund Securities Limited	Cheung Wah Fung, Christopher
Goldride Securities Limited	Espina Anthony
DL Brokerage Limited	Lee Jor Hung
Hing Wong Securities Limited	Wong Wai Sum

\* *The Company understands that Lee Tat & Company is no longer engaged in providing securities-related services and securities margin financing and has therefore ceased to be a competitor of the Group.*

**SPONSOR'S INTERESTS**

As updated and notified by UOB Asia (Hong Kong) Limited (the "Sponsor") and save as disclosed below, neither the Sponsor nor its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any material interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30th September, 2003.

Pursuant to the deed of novation dated 2nd December, 2002 as set out in the Company's announcement of the same date, the Sponsor has assumed the continuing sponsor role and will continue to act as the continuing sponsor to the Company for a term ending on 31st December, 2004. As a result, the Sponsor will continue to receive a fee for the provision of such services.

**CORPORATE GOVERNANCE**

The Company has complied with Rules 5.28 to 5.39 of the GEM Listing Rules during the nine months ended 30th September, 2003.

**AUDIT COMMITTEE**

The audit committee comprises three members, being Mr. Chung Shui Ming, Timpson and Mr. Tsui Yiu Wa, Alec, independent non-executive Directors, and Mr. Lee Yiu Sun, a vice chairman of the Company and a non-executive Director. The audit committee has reviewed the quarterly report of the Company for the nine months ended 30th September, 2003 and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof. It has also reviewed the financial reporting process and the adequacy and effectiveness of the internal control system of the Group.

**PURCHASE, SALE AND REDEMPTION OF SHARES**

The Company did not redeem any of its shares during the nine months ended 30th September, 2003. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the nine months ended 30th September, 2003.

By order of the Board  
**So Kin Wing**  
 Executive Director

Hong Kong, 7th November, 2003