



**KG NEXTVISION**

**KG NEXTVISION COMPANY LIMITED**  
**和信致遠股份有限公司\***

(Incorporated in Bermuda with limited liability)

**INTERIM REPORT 2000**

\* For identification purpose only 僅供識別

The board of directors of KG NextVision Company Limited (the “Company”) is pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30th September 2000. The results have been reviewed by the Company’s audit committee:

## CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>For the six months ended</b>	
		<b>30th September</b>	
	<i>Note(s)</i>	<b>2000</b>	1999
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
Turnover	2, 3	<b>369,316</b>	360,055
Cost of sales		<b>(336,527)</b>	(325,219)
Gross profit		<b>32,789</b>	34,836
General and administrative expenses		<b>(32,327)</b>	(23,483)
Other revenue, net		<b>6,583</b>	1,723
Profit from operations		<b>7,045</b>	13,076
Finance costs		<b>(10,581)</b>	(10,280)
Share of results of associated companies		<b>(1,061)</b>	–
(Loss) Profit before taxation	3, 4	<b>(4,597)</b>	2,796
Taxation	5	–	–
(Loss) Profit after taxation		<b>(4,597)</b>	2,796
Minority interests		<b>135</b>	(234)
(Loss) Profit attributable to shareholders		<b>(4,462)</b>	2,562
(Loss) Earnings per share	7		
– Basic		<b>(0.27 cents)</b>	0.64 cents

**CONDENSED CONSOLIDATED STATEMENT OF  
RECOGNISED GAINS AND LOSSES**

	<b>For the six months ended</b>	
	<b>30th September</b>	
	<b>2000</b>	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Exchange differences arising on translation of financial statements of overseas operations	<b>(69)</b>	–
(Loss) Profit for the year	<b>(4,462)</b>	2,562
	<hr/>	<hr/>
Total recognized (losses) gains	<b>(4,531)</b>	2,562
Elimination against reserve of goodwill arising on acquisition of an associated company	<b>(20,868)</b>	–
	<hr/>	<hr/>
	<b><u>(25,399)</u></b>	<b><u>2,562</u></b>

## CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30th September	31st March
		2000	2000
		<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Note</i>		<b>(unaudited)</b>	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets		<b>101,384</b>	105,577
Non-current assets		<b>34,384</b>	37,453
Investment in associated companies	8	<b>16,916</b>	–
Investment in a jointly controlled entity	9	<b>5</b>	5
		<hr/> <b>152,689</b> <hr/>	<hr/> 143,035 <hr/>
<b>CURRENT ASSETS</b>			
Amounts due from customers for contract work	10	<b>116,446</b>	100,551
Inventories		<b>3,432</b>	3,510
Progress billings and accounts receivable	11	<b>76,021</b>	103,933
Due from related companies		<b>1,359</b>	1,158
Prepayments, deposits and other receivables		<b>5,989</b>	4,034
Cash and bank deposits		<b>246,956</b>	49,073
		<hr/> <b>450,203</b> <hr/>	<hr/> 262,259 <hr/>
<b>TOTAL ASSETS</b>		<hr/> <b>602,892</b> <hr/>	<hr/> 405,294 <hr/>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	14	<b>240,000</b>	40,000
Reserves	15	<b>21,898</b>	14,375
		<hr/> <b>261,898</b> <hr/>	<hr/> 54,375 <hr/>
<b>MINORITY INTERESTS</b>		<hr/> <b>581</b> <hr/>	<hr/> 465 <hr/>



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>For the six months ended 30th September 2000</b> <i>HK\$'000</i> <b>(unaudited)</b>
Net cash outflow from operating activities	(5,437)
Returns on investments and servicing of finance	(5,792)
Hong Kong profits tax paid	–
Net cash outflow from investing activities	<u>(40,390)</u>
Net cash outflow before financing activities	(51,619)
Net cash inflow from financing activities	<u>246,200</u>
Increase in cash and cash equivalents	194,581
Cash and cash equivalents, beginning of period	<u>(83,720)</u>
Cash and cash equivalents, end of period	<u><u>110,861</u></u>
<b>Analysis of cash and cash equivalents</b>	
Cash and bank deposits	246,956
Bank overdrafts and short-term bank loans, secured	<u>(136,095)</u>
	<u><u>110,861</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants except that the condensed consolidated cashflow statement for the six months ended 30th September 1999 has not been presented for comparative purpose. The accounting policies and basis of preparation used in the preparation of the interim financial statements are consistent with those followed in the Group’s annual financial statements for the year ended 31st March 2000.

The consolidated interim financial statements include the financial statements of the Company and its subsidiaries. All significant intra-group transactions and balances have been eliminated upon consolidation.

## 2. TURNOVER

Turnover mainly represents the aggregate amount of gross certified value earned from construction, maintenance and demolition contracts. Gross certified value earned from construction and demolition contracts is recognised only when the value of work certified by the project architect shows that more than 25 percent of such contracts have been completed. Turnover also includes the invoiced value of sales of cooking benches, sink units, drywall, wooden doorsets and aluminium window sets.

Provided it is probable that the economic benefits associated with a transaction will flow to the Group and the revenue and costs, if applicable, can be measured reliably, turnover and other revenue are recognised on the following bases:

(i) *Contract revenue*

To the extent that the outcome of the contract can be estimated reliably, revenue from construction or demolition contracts is recognised using the percentage of completion method, measured by reference to the value of work certified to date compared to estimated total contract value after making due allowances for contingencies. Claims made to customers including variation orders are accounted for only to the extent of the amounts which can be reliably estimated and are likely to be collectible.

Profit from construction and demolition contracts is recognised only when the value of work certified by the project architect shows that more than 25 percent of such contracts have been completed, and when a profitable outcome can be prudently foreseen. When the outcome of the contract cannot be estimated reliably, revenue is recognised only to the extent of the value of work performed that is probable of recovery.

Income from and costs of maintenance contracts are recognised on the accrual basis.

(ii) *Supply of building materials*

Income from and costs of sales of cooking benches, sink units, drywall, wooden doorsets and aluminium window sets are recognised when the significant risks and rewards of ownership of the goods have been transferred to customers.

(iii) *Interest income*

Interest income from bank deposits is recognised on a time proportion basis on the principal outstanding and at the rate applicable.

(iv) *Rental income*

Rental income is recognised when the rental becomes due and receivable.

### 3. ANALYSIS OF TURNOVER AND OPERATING (LOSS) PROFIT

The Group's turnover and (loss) profit before taxation are analysed as follows:

	Turnover		Contribution to (loss) profit before taxation	
	For the six months ended 30th September			
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>By principal activity:</i>				
Construction, maintenance and demolition work	353,546	304,437	6,033	1,369
Supply and installation of cooking benches and sink units	7,070	10,455	(1,345)	187
Supply and installation of wooden doorsets	8,274	21,617	463	126
Supply and installation of drywall	426	22,523	(1,069)	2,336
Internet business and others	–	1,023	(8,679)	(1,222)
	<u>369,316</u>	<u>360,055</u>	<u>(4,597)</u>	<u>2,796</u>
<i>By geographical market:</i>				
Hong Kong	369,316	359,300	(3,084)	3,597
Others	–	755	(1,513)	(801)
	<u>369,316</u>	<u>360,055</u>	<u>(4,597)</u>	<u>2,796</u>

### 4. (LOSS) PROFIT BEFORE TAXATION

(Loss) Profit before taxation is determined after charging the following:

	For the six months ended 30th September	
	2000	1999
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<i>After charging:</i>		
Depreciation expense	6,203	3,606
Interest expense	<u>10,581</u>	<u>10,280</u>



## 5. TAXATION

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 16 percent (1999 – 16 percent) on the estimated assessable profits arising in or derived from Hong Kong.

However, no provision for Hong Kong profits tax has been made for the companies comprising the Group during the period either because the companies comprising the Group had available tax loss carried forward from prior year to offset the current period's profits tax payable or because they did not generate any assessable profits for the period.

## 6. INTERIM DIVIDENDS

The directors do not propose any interim dividends in respect of the six months ended 30th September 2000 (1999 – Nil).

## 7. (LOSS) EARNINGS PER SHARE

The calculation of (loss) earnings per share for the six months ended 30th September 2000 is based on the unaudited consolidated loss attributable to shareholders of approximately HK\$4,462,000 (1999 – profit of HK\$2,562,000) and on the weighted average number of 1,634,974,678 (1999 – 400,001,640) shares in issue during the period.

There is no dilution on the basic loss per share for the six months ended 30th September 2000.

## 8. INVESTMENT IN ASSOCIATED COMPANIES

As at 30th September 2000, investment in associated companies comprised:

	<b>As at</b>	
	<b>30th September 2000</b>	31st March 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	
Share of net assets	<b>11,465</b>	350
Advance to an associated company	<b>5,801</b>	–
Less: Provision for impairment in value	<b>(350)</b>	(350)
	<b><u>16,916</u></b>	<u>–</u>

Details of the principal associated companies are as follows:

Name	Place and date of incorporation and operation	Attributable equity interest	Issued and fully paid share capital	Principal activities
Directly held:				
BeXcom Greater China Co., Ltd	Taiwan 18th May 1999	40%	NT\$205,000,000	Operation of Internet-related business
Indirectly held:				
Metro World Engineering Company Limited	Hong Kong 29th June 1994	20%	HK\$100	Provision of subcontracting services

#### 9. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

As at 30th September 2000, investment in a jointly controlled entity comprised:

	As at	
	30th September 2000	31st March 2000
	HK\$'000	HK\$'000
	(unaudited)	
Unlisted shares, net	<u>5</u>	<u>5</u>

No post acquisition profit/loss of the jointly controlled entity has been included in the Group's consolidated income statement for the six months ended 30th September 2000 as the jointly controlled entity had not commenced operations as at 30th September 2000.

Details of the jointly controlled entity are as follows:

Name	Place and date of incorporation and operation	Attributable equity interest	Issued and fully paid share capital	Principal activities
Indirectly held:				
Infolink Management Limited	Hong Kong 6th March 2000	50%	HK\$10,000	Property management

#### 10. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	Amounts due from customers for contract work as at		Amounts due to customers for contract work as at	
	30th September 2000 <i>HK\$'000</i> (unaudited)	31st March 2000 <i>HK\$'000</i>	30th September 2000 <i>HK\$'000</i> (unaudited)	31st March 2000 <i>HK\$'000</i>
Costs plus attributable profit less foreseeable losses	<b>2,346,821</b>	2,112,715	<b>706,800</b>	562,438
Less: progress billings received and receivable	<u><b>(2,230,375)</b></u>	<u>(2,012,164)</u>	<u><b>(727,474)</b></u>	<u>(592,611)</u>
	<u><b>116,446</b></u>	<u>100,551</u>	<u><b>(20,674)</b></u>	<u>(30,173)</u>

#### 11. PROGRESS BILLINGS AND ACCOUNTS RECEIVABLE

The Group allows an average credit period of 30 to 60 days to its trade customers.

The following is an aged analysis of progress billings and accounts receivable at the reporting date:

	As at	
	30th September 2000 <i>HK\$'000</i> (unaudited)	31st March 2000 <i>HK\$'000</i> (unaudited)
Accounts receivable		
Current to 60 days	<b>63,158</b>	89,119
61 to 90 days	<b>171</b>	186
Over 90 days	<u><b>6,454</b></u>	<u>1,008</u>
	<b>69,783</b>	90,313
Retention receivable	<u><b>6,238</b></u>	<u>13,620</u>
	<u><b>76,021</b></u>	<u>103,933</u>

**12. ACCOUNTS PAYABLE**

The following is an aged analysis of accounts payable at the reporting date:

	As at	
	30th September 2000	31st March 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current to 30 days	6,652	8,898
31 to 60 days	1,686	3,746
61 to 90 days	770	3,937
Over 90 days	3,982	10,246
	<u>13,090</u>	<u>26,827</u>

**13. BANK LOANS**

Details of long-term bank loans are as follows:

	As at	
	30th September 2000	31st March 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	
Repayable within a period of:		
– within one year	4,423	4,851
– more than one year but not exceeding two years	2,520	3,449
– more than two years but not exceeding five years	–	1,031
	<u>6,943</u>	9,331
Less: amounts repayable within one year included under current liabilities	(4,423)	(4,851)
	<u>2,520</u>	<u>4,480</u>

#### 14. SHARE CAPITAL

	As at			
	30th September 2000		31st March 2000	
	(unaudited)			
	Number of shares	Nominal value	Number of shares	Nominal value
	'000	HK\$'000	'000	HK\$'000
Authorised				
(Ordinary shares of HK\$0.1 each)	<u>5,000,000</u>	<u>500,000</u>	<u>800,000</u>	<u>80,000</u>
Issued and fully paid or credited as fully paid				
(Ordinary shares of HK\$0.1 each)	<u>2,400,002</u>	<u>240,000</u>	<u>400,002</u>	<u>40,000</u>

A summary of the movements in the share capital of the Company is as follows:

	Number of ordinary shares of HK\$0.10 each	Amount HK\$'000
	'000	(unaudited)
As at 1st April 2000	400,002	40,000
Issue of new shares at a price of HK\$0.12 per share to KG NextVision Corporation for the subscription of 1,800,000,000 shares	1,800,000	180,000
Issue of new shares at a cash subscription price of HK\$0.12 per share in accordance with the share placing agreement dated 27th March 2000	<u>200,000</u>	<u>20,000</u>
As at 30th September 2000	<u>2,400,002</u>	<u>240,000</u>

## 15. RESERVES

Movements in reserves during the six months ended 30th September 2000 were as follows:

	Share premium	Capital reserve	Revaluation reserve	Currency		Total
				translation reserve	Accumulated deficit	
				HK\$'000 (unaudited)	HK\$'000 (unaudited)	
As at 1st April 2000	79,503	29,800	26,961	-	(121,889)	14,375
Issue of new shares	40,000	-	-	-	-	40,000
Share issuance costs	(7,078)	-	-	-	-	(7,078)
Goodwill arising on acquisition of an associated company	-	-	-	-	(20,868)	(20,868)
Loss for the period	-	-	-	-	(4,462)	(4,462)
Translation exchange difference	-	-	-	(69)	-	(69)
As at 30th September 2000	<u>112,425</u>	<u>29,800</u>	<u>26,961</u>	<u>(69)</u>	<u>(147,219)</u>	<u>21,898</u>

## 16. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30th September 2000, the Group had the following significant commitments and contingent liabilities:

### (i) Contractual Commitments

Commitments under various contracts entered into in the normal course of business to complete construction contracts. These outstanding contracts had a total value (including work completed up to 30th September 2000) of approximately HK\$2,891 million (31st March 2000 – HK\$2,891 million) extending to various dates, the latest being early 2001.

### (ii) Operating Lease Commitments

Operating lease commitments at 30th September 2000 amounted to approximately HK\$8,343,000 (31st March 2000 – HK\$ nil) of which approximately HK\$3,129,000 (31st March 2000 - HK\$ nil) is payable in the next twelve months. The amount payable in the next twelve months analysed according to the period in which the lease expires is as follows:

	30th September 2000 HK\$'000 (unaudited)	31st March 2000 HK\$'000
Expiring in the first year	-	-
Expiring in the second to fifth years inclusive	<u>3,129</u>	-
	<u>3,129</u>	-

(iii) *Contingent liabilities*

- (a) Outstanding letters of credit executed in favour of banks totalling approximately HK\$1,489,000 (31st March 2000 – HK\$1,150,000).
- (b) As at 30th September 2000, 52 (31st March 2000 – 55) employees had completed the required number of years of service under the Employment Ordinance to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments where the termination meets the circumstances specified in the Employment Ordinance. If the termination of all these employees meet the circumstances specified in the Employment Ordinance, the Group's liability as at 30th September 2000 would be approximately HK\$5,187,000 (31st March 2000 – HK\$5,601,000). Provision of approximately HK\$613,000 has been made in the financial statements for those employees who have served the Group for more than 10 years and are aged 65 or above.
- (c) The Group is a party to litigation which arises in the normal course of its construction business usually from disputes with customers and suppliers. Management employs independent legal counsels to advise on the merits of cases brought by and against the Group and makes provision for potential liabilities resulting from such litigation, when necessary, based on its own judgement and the advice of legal counsels. Management believes that as at 30th September 2000, adequate provision has been made for claims that might result in a liability to the Group, and that the settlement of such claims will not have a material adverse effect on the financial position of the Group.

**17. SUBSEQUENT EVENTS**

- (a) On 6th October 2000, the Company exchanged 1,440,000 shares in BeXcom Greater China Co., Ltd., representing a 7.02 percent of the issued share capital of BeXcom Greater China Co., Ltd., with BeXcom Pte Ltd. for 833,333 new shares in BeXcom Pte Ltd., representing a 1.82 percent interest in BeXcom Pte. Ltd.
- (b) On 2nd November 2000, the Company purchased 899 shares in BeXcom Japan, representing a 9 percent interest in BeXcom Japan, for a cash consideration of approximately US\$827,000 (equivalent to approximately HK\$6.45 million) from an unconnected party. The acquisition was completed on 2nd November 2000.
- (c) On 20th November 2000, the Company has agreed to purchase 2,112,680 shares in HiOffice.net Pte Ltd., representing a 25 percent interest in HiOffice.net Pte Ltd., for a cash consideration of approximately 2.11 million Singapore Dollars (equivalent to approximately HK\$9.44 million) from an unconnected party. The acquisition was completed on 27th November 2000.

## **BUSINESS REVIEW AND PROSPECTS**

For the six months ended 30th September 2000, turnover was approximately HK\$369,316,000 (1999 – HK\$360,055,000) and loss attributable to shareholders was approximately HK\$4,462,000 (1999 – profit HK\$2,562,000).

As previously reported, trading conditions of the Group's construction business continued to remain difficult and competition in the local construction industry has remained fierce. Property developers are continuously raising the quality standards and adopting a policy of minimal defect on hand-over, resulting in additional costs to building contractors. However, such increased costs are not reflected in recent tender prices. As effective borrowing costs are expected to remain high and the property market is unlikely to have a significant rebound, trading conditions are expected to remain difficult in the coming year.

The Group has diversified into property management business and has formed a joint venture with an established property management company to undertake management contracts for public sector housing estates. At this early stage, the result of this joint venture is not material.

As announced previously, with the completion of the subscription and placing agreements on 9th June 2000, 1,800,000,000 and 200,000,000 new shares of the Company were issued to KG NextVision Corporation ("KGNV") and the public respectively, at HK\$0.12 per share for an aggregate consideration of HK\$240,000,000. As a result of the subscription of new shares by KGNV, the controlling shareholders and Board composition of the Company were changed and the Company considers KGNV to be the immediate holding company thereafter. We intend to expand our business by diversifying into high-technology and Internet-related businesses. We have put in place more than 15 staff into the new management team and the physical infrastructure to develop our business on this front. For the six-month period ended 30th September 2000, the Company incurred expenditures of approximately HK\$17 million associated with building out the new organization structure.



As part of our intention to diversify into New Economy businesses, in August 2000, we have acquired 40.11 percent of BeXcom Greater China Co., Ltd. (“BeXcom Greater China”), a subsidiary of BeXcom Pte Ltd. (“BeXcom”). BeXcom, a privately held corporation founded in 1996, operates a global network of eCommerce hubs in the world’s major trading zones. This global transaction infrastructure enables companies and exchanges to conduct business electronically locally or with multiple trading partners around the world. BeXcom’s Commerce Service Provider model provides and maintains all the required hardware and software to operate centralized B2B eCommerce solutions for its users. By building on the BeXcom infrastructure, supply chains, vertical markets and market makers can quickly implement or dramatically extend their eCommerce capabilities to cover the complete range of purchasing processes, from request for quotation to settlement. BeXcom is the first company to integrate global financial, logistics, and certificate authority services into a global eCommerce infrastructure, ensuring all transactions are safe, secure, and verifiable. Subsequently in October 2000, by a share swap agreement, part of the investment in BeXcom Greater China was used to exchange for a 1.82 percent interest in BeXcom. Our interest in BeXcom Greater China was further diluted to 28.26 percent after a subsequent round of financing by BeXcom Greater China in which we did not participate.

In addition, in November 2000, we have acquired a 8.99 percent in BeXcom Japan, a subsidiary of BeXcom, as well as a 25 percent interest in another eBusiness operator, HiOffice.net Pte Ltd.. These acquisitions will provide the requisite business transaction platform across Asia upon which we intend to build associated value added services to capitalize on the transformation of the Old Economy into the New Economy.

Despite current market conditions, we are optimistic about future prospects of the high-technology sector and new business opportunities arising from the use of appropriate technology to enhance productivity of traditional businesses. Looking forward, we intend to capitalize on such opportunities and will seek improvement to Company’s profits and shareholder value through our investments in this direction.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Group finances its operations by internally generated cashflows, bank borrowings and proceeds obtained from issue of new shares during the six-month period ended 30th September 2000. Outstanding bank borrowings as at 30th September 2000 included bank overdrafts, short-term bank loans and long-term bank loans of approximately HK\$120.1 million, HK\$16.0 million and HK\$6.9 million respectively. Interest charged on these bank borrowings are mainly prime-based. Management believes that cash generated from operations, existing banking facilities together with the cash on hand would be adequate to finance future operations of the construction business and the development of high-technology and Internet-related businesses.

## **DIRECTORS' INTERESTS IN SHARES**

As at 30th September 2000, the interests of the Directors in the share capital of the Company as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

<b>Name of Director</b>	<b>Nature of Interest</b>	<b>Number of shares held</b>
Dr Jeffrey Len-Song Koo	Corporate*	1,800,000,000
Mr Chester Chi-Yun Koo	Corporate*	1,800,000,000
Mr Chin Yao Lin	Personal	3,242,000

Save as disclosed above, the Company has no notice of any interests required to be recorded under Section 29 of the SDI Ordinance as at 30th September 2000.

- \* These shares are held by KGNV. Dr Jeffrey Len-Song Koo has a 100 percent beneficial interest in Mastiff International Limited, a 50 percent shareholder of KGNV. Mr Chester Chi-Yun Koo has 100 percent beneficial interest in Brentwood Capital Investment Corporation, a 50 percent shareholder of KGNV.

## **SUBSTANTIAL SHAREHOLDER**

As at 30th September 2000, according to the register required to be kept under Section 16(1) of the SDI Ordinance, the only shareholder with an interest of 10 percent or more of the issued share capital of the Company was as follows:

<b>Shareholder</b>	<b>Number of shares held</b>	<b>Percentage of shareholding</b>
KG NextVision Corporation	1,800,000,000	74.99995%

Except as disclosed above, no person had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six-month period ended 30th September 2000.

## **CODE OF BEST PRACTICE**

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the six months ended 30th September 2000 in compliance with the Code of Best Practice set out by The Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules. In compliance with the Code of Best Practice, the Company has established an Audit Committee with written terms of reference.

**Jeffrey John-Leon Koo, Jr.**

*Chairman*

Taipei, 20th December 2000