

LIQUIDITY

As at 30th September, 2001, the Group's gearing ratio, calculated based on the consolidated net asset value (including those shared by minority interest) of HK\$163 million (31st March, 2001: HK\$176 million) and the consolidated net borrowings (including the convertible bonds and net of cash, bank balances and bank deposits) of HK\$326 million (31st March, 2001: HK\$286 million) has increased to 2.00 at 30th September, 2001 compared to that of 1.63 at 31st March, 2001.

PROSPECTS

The Group's business in two different regions is in different stages of economic cycles. In China, market demand is strong in anticipation of more opportunities after China's entry of WTO, and we foresee bright prospects in the region. Whereas in South East Asia and Hong Kong, the economy is still bottoming-out and we have to face more challenges in the coming six months. However, we are confident of future prospects as we are in an advantageous position with a diverse client base, good service network, strong expertise, sound operations as well as an ever-improving management team.

APPRECIATION

On behalf of the Board of Directors, I would like to express my appreciation to our shareholders, our management and all our dedicated staff for their support and contribution towards the development of the Group.

DIRECTORS' INTERESTS IN SHARES

As at 30th September, 2001, the interests of the directors in the share capital and share options of the Company and its associated corporations (as defined under the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained pursuant to Section 29 of the SDI Ordinance, were as follows:

(a) Interests in the Company's shares

Name of director	Number of shares held			Total
	Personal	Family	Corporate	
Lam Hon Nam	400,000	–	136,494,800 (i)	136,894,800
Ma Chun Kwong, Edmund	1,550,000	300,000	136,494,800 (i)	138,344,800
Wai Yee Jan	1,500,000	–	136,494,800 (i)	137,994,800
Ching Wan Kwan	1,020,000	–	–	1,020,000
Wang Guangdi (Deceased on 18.8.2001)	<u>1,060,000</u>	<u>40,000</u>	<u>–</u>	<u>1,100,000</u>

- (i) the above 136,494,800 shares were held by Lam Ma & Wai Limited, a company incorporated in the British Virgin Islands and is owned as to 45.94%, 45.46% and 8.60% by Mr. Lam Hon Nam, Mr. Ma Chun Kwong, Edmund and Mr. Wai Yee Jan, respectively.

(b) Interests in the Company's share options

Pursuant to an ordinary resolution passed on 22nd March, 1995, a share option scheme was adopted whereby the directors of the Company, at their discretion, are authorised to invite any employee or executive director of the Company or any of its subsidiaries to take up options to subscribe for shares not exceeding 10% of the issued share capital of the Company. The options are exercisable for a period of three years commencing on the expiry of six months after the date on which the option is accepted, provided that no options can be exercised after 21st March, 2005.

Particulars of share options held by the directors during the period are as follows:

Name of director	Date granted	Number of options held at 1 April 2001	Granted during the period	Exercised during the period	Number of options held at 30 September 2001	Exercise price per share, subject to adjustments <i>HKS</i>
Lam Hon Nam	15.4.1999	400,000	–	–	400,000	0.42
	23.11.1999	1,500,000	–	–	1,500,000	0.87
	12.7.2000	1,000,000	–	–	1,000,000	2.20
	2.5.2001	–	800,000	–	800,000	0.81
Ma Chun Kwong, Edmund	23.11.1999	750,000	–	–	750,000	0.87
	12.7.2000	1,000,000	–	–	1,000,000	2.20
	2.5.2001	–	800,000	–	800,000	0.81
Wai Yee Jan	23.11.1999	750,000	–	–	750,000	0.87
	12.7.2000	1,000,000	–	–	1,000,000	2.20
	2.5.2001	–	600,000	–	600,000	0.81
Ching Wan Kwan	23.11.1999	650,000	–	–	650,000	0.87
	12.7.2000	500,000	–	–	500,000	2.20
	2.5.2001	–	400,000	–	400,000	0.81
Wang Guangdi	23.11.1999	350,000	–	–	350,000	0.87
	12.7.2000	400,000	–	–	400,000	2.20
	2.5.2001	–	350,000	–	350,000	0.81

Other than through the above share option scheme, 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 or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

(c) Interests in associated corporations

Name of company	Name of director	Number of non-voting deferred shares held/ Percentage of equity interest held –Personal interests
Vanda Computer & Equipment Company Limited	Lam Hon Nam	918,800
	Ma Chun Kwong, Edmund	909,200
	Wai Yee Jan	172,000
Vanda Instrument & Equipment Company Limited	Lam Hon Nam	229,700
	Ma Chun Kwong, Edmund	227,300
	Wai Yee Jan	43,000
Janeper Development Limited	Lam Hon Nam	150,000
	Ma Chun Kwong, Edmund	150,000
Beijing New Generation Computer Graphics Co., Ltd.	Wai Yee Jan	15%

Save as disclosed above and other than certain nominee shares in subsidiaries held by Directors in trust for the Company at 30th September, 2001, none of the Directors has or has had any interest, either directly or indirectly, in the equity securities of the Company and its associated corporations, which requires notification to the Company and The Stock Exchange of Hong Kong Limited pursuant to Section 28 of the SDI Ordinance (including interests which they are deemed or taken to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or which requires, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2001, the register of substantial shareholders maintained pursuant to Section 16(1) of the SDI Ordinance showed that no person other than those disclosed under the section “Directors’ interests in shares” above had a beneficial interest in 10% or more of the Company’s issued share capital.

THE CODE OF BEST PRACTICE

The Directors are not aware of any information which would reasonably indicate that the Company is not or was not in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30th September, 2001, except that the independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws.

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

During the six months ended 30th September, 2001, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited, the details of which are set out as follows:

Date	Number of shares	Highest	Lowest	Total Consideration
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
4th April, 2001	98,000	0.80	0.80	78,693
9th April, 2001	214,000	0.78	0.75	162,544
10th April, 2001	320,000	0.74	0.72	234,852
Total	<u>632,000</u>			<u>476,089</u>

The above shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium and brokerage expenses payable on repurchase were charged against the share premium.

Apart from the repurchase of shares, there was no sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the period.

By order of the Board
Lam Hon Nam
Chairman

Hong Kong, 19th December, 2001