



**Oriental Watch Holdings Limited**  
*(Incorporated in Bermuda with limited liability)*

**INTERIM REPORT 2001**

## INTERIM RESULTS

The Board of Directors of Oriental Watch Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2001 together with the comparative figures for the corresponding period in 2000 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2001

		<b>Six months ended</b>	
		<b>30 September</b>	30 September
		<b>2001</b>	2000
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Turnover		<b>846,757</b>	744,374
Costs of sales		<b>(764,442)</b>	(647,680)
Gross profit		<b>82,315</b>	96,694
Other revenue		<b>8,694</b>	7,179
Distribution costs		<b>(14,806)</b>	(13,336)
Administrative expenses		<b>(28,692)</b>	(36,502)
Profit from operations		<b>47,511</b>	54,035
Finance costs	4	<b>(499)</b>	(476)
Profit before taxation	5	<b>47,012</b>	53,559
Taxation	6	<b>(8,178)</b>	(9,940)
Profit before minority interests		<b>38,834</b>	43,619
Minority interests		<b>1,226</b>	1,413
Profit for the period attributable to shareholders		<b><u>40,060</u></b>	<b><u>45,032</u></b>
Dividend	7	<b><u>6,881</u></b>	<b><u>8,270</u></b>
Earnings per share	8		
— Basic		<b><u>14.55 cents</u></b>	<b><u>16.28 cents</u></b>
— Diluted		<b><u>14.28 cents</u></b>	<b><u>16.20 cents</u></b>

## CONDENSED CONSOLIDATED BALANCE SHEET

*At 30 September 2001*

	<i>Notes</i>	<b>30 September 2001</b>	31 March 2001
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	(audited and restated)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	<i>9</i>	<b>37,600</b>	46,550
Other properties, plant and equipment		<b>80,660</b>	81,556
Investments in securities	<i>10</i>	<b>13,873</b>	4,991
		<hr/> <b>132,133</b>	<hr/> 133,097
<b>Current assets</b>			
Inventories		<b>385,959</b>	354,140
Debtor, deposits and prepayments	<i>11</i>	<b>29,809</b>	8,694
Investments in securities	<i>10</i>	<b>930</b>	5,102
Taxation recoverable		<b>2,463</b>	1,850
Pledged bank deposits		<b>14,052</b>	—
Other bank balances and cash		<b>50,492</b>	55,712
		<hr/> <b>483,705</b>	<hr/> 425,498
<b>Current liabilities</b>			
Creditors and accrued charges	<i>12</i>	<b>57,542</b>	28,303
Taxation payable		<b>11,150</b>	3,021
Obligations under a finance lease			
— amount due within one year		<b>76</b>	76
Short-term bank loans (secured)		<b>12,453</b>	—
Mortgage loan — amount due			
within one year		<b>—</b>	1,287
Bank overdrafts		<b>563</b>	3,953
		<hr/> <b>81,784</b>	<hr/> 36,640
Net current assets		<hr/> <b>401,921</b>	<hr/> 388,858
Total assets less current liabilities		<hr/> <b>534,054</b>	<hr/> 521,955

**CONDENSED CONSOLIDATED BALANCE SHEET (Cont'd)***At 30 September 2001*

		<b>30 September 2001</b>	31 March 2001
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	(audited and restated)
Non-current liabilities			
Obligations under a finance lease			
— amount due after one year		<b>32</b>	63
Mortgage loan — amount due after one year		—	6,968
Amount due to a minority shareholder of subsidiaries		<b>12,000</b>	15,200
Deferred taxation		<b>349</b>	370
		<b>12,381</b>	22,601
Minority interests		<b>(5,061)</b>	(3,835)
		<b>7,320</b>	18,766
Net assets		<b>526,734</b>	503,189
CAPITAL AND RESERVES			
Share capital	<i>13</i>	<b>27,525</b>	27,525
Reserves	<i>14</i>	<b>499,209</b>	475,664
Shareholders' funds		<b>526,734</b>	503,189

## CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

*For the six months ended 30 September 2001*

		<b>Six months ended</b>	
	<i>Note</i>	<b>30 September 2001 HK\$'000 (unaudited)</b>	30 September 2000 HK\$'000 (unaudited)
Net profit for the period and total recognised gains for the period		<b><u>40,060</u></b>	<b><u>45,032</u></b>
Prior period adjustments arising as a result of changes in accounting policies:	2		
— derecognition of liability in respect of final dividend			16,606
— restatement of goodwill as an asset			<u>(151)</u>
			<b><u>16,455</u></b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2001

	<b>Six months ended</b>	30 September
	<b>2001</b>	30 September
	<b>HK\$'000</b>	2000
	<b>(unaudited)</b>	HK\$'000
		(unaudited)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>25,117</u>	<u>59,330</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Dividend paid	(16,515)	—
Interest and finance lease charges paid	(499)	(476)
Interest received	<u>1,196</u>	<u>2,291</u>
NET CASH (OUTFLOW) INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(15,818)</u>	<u>1,815</u>
TAXATION		
Hong Kong Profits Tax paid	(613)	(977)
Taxation paid outside Hong Kong	<u>(70)</u>	<u>(119)</u>
NET CASH OUTFLOW FROM TAXATION	<u>(683)</u>	<u>(1,096)</u>
INVESTING ACTIVITIES		
Pledge of bank deposits	(14,052)	—
Purchase of investments in securities	(8,907)	—
Purchase of other properties, plant and equipment	(1,304)	(531)
Proceeds from sale of an investment property	8,950	—
Proceeds from disposal of investments in securities	3,900	1,211
Purchase of an investment property	—	(16,216)
Proceeds from disposal of other properties, plant and equipment	<u>—</u>	<u>60</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(11,413)</u>	<u>(15,476)</u>
NET CASH (OUTFLOW) INFLOW BEFORE FINANCING	<u>(2,797)</u>	<u>44,573</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT** (Cont'd)  
For the six months ended 30 September 2001

	<b>Six months ended</b>	
	<b>30 September</b>	30 September
	<b>2001</b>	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
FINANCING		
Bank loans raised	<b>12,453</b>	—
Repayment of mortgage loan	<b>(8,255)</b>	(542)
Repayment of advances to a minority shareholder	<b>(3,200)</b>	(4,000)
Repayment of obligation under a finance lease	<b>(31)</b>	(32)
Consideration paid for repurchase of own shares	—	(915)
	<hr/>	<hr/>
NET CASH INFLOW (OUTFLOW) FROM FINANCING	<b>967</b>	(5,489)
	<hr/>	<hr/>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<b>(1,830)</b>	39,084
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<b>51,759</b>	72,348
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<b>49,929</b>	111,432
	<hr/> <hr/>	<hr/> <hr/>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 September 2001*

### **1. Basis of preparation**

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **2. Principal accounting policies**

The condensed consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities. The accounting policies adopted by the Group in the preparation of the condensed consolidated financial statements are consistent with those set out in the Group’s annual financial statements for the year ended 31 March 2001 except as described below.

The Group has adopted a number of new and revised SSAPs for the first time in the current period. These SSAPs have impacted on the condensed financial statements as follows:

#### ***Dividends proposed or declared after the balance sheet date***

SSAP 9 (Revised) “Events after the balance sheet date” (“SSAP 9 (Revised)”) specifies that dividends declared after the balance sheet date should be disclosed as a separate component of equity. In prior periods, dividends declared after the balance sheet date were recognised as liabilities in the balance sheet.

SSAP 9 (Revised) has been applied retrospectively, resulting in an increase in shareholders’ equity of HK\$16,606,000 at 1 April 2000 and HK\$16,515,000 at 1 April 2001.

#### ***Goodwill***

The Group has adopted SSAP 30 “Business combinations” (“SSAP 30”) and has elected to restate the goodwill amount which was previously charged to reserves. Accordingly, the amount of such goodwill has been remeasured in accordance with the requirements of SSAP 30.

Goodwill is amortised over its estimated useful life of not more than twenty years and accumulated amortisation and any impairment losses in respect of goodwill since the date of acquisition have been recognised retrospectively, resulting in a decrease in accumulated profits of HK\$151,000 at both 1 April 2000 and 1 April 2001.

### **3. Segment information**

The Group is engaged in watch trading. Over 90% of its turnover and profit from operations are derived in Hong Kong.



#### 4. Finance costs

	Six months ended	
	30 September 2001 HK\$'000	30 September 2000 HK\$'000
Interest on bank borrowings wholly repayable with five years	487	464
Finance lease charges	12	12
	<u>499</u>	<u>476</u>

#### 5. Profit before taxation

	Six months ended	
	30 September 2001 HK\$'000	30 September 2000 HK\$'000
Profit before taxation has been arriving at after charging:		
Depreciation on:		
— owned assets	2,180	1,880
— asset held under a finance lease	20	20
	<u>2,200</u>	<u>1,900</u>
Unrealised loss on listed trading securities	272	380
and after crediting:		
Interest income	1,196	2,291
Rental income	1,828	1,406
Realised gain on sale of listed trading securities	—	184
	<u>—</u>	<u>184</u>

#### 6. Taxation

	Six months ended	
	30 September 2001 HK\$'000	30 September 2000 HK\$'000
The charge comprises:		
Hong Kong Profits Tax	8,102	9,784
Taxation outside Hong Kong	97	156
	<u>8,199</u>	<u>9,940</u>
Deferred taxation	(21)	—
	<u>8,178</u>	<u>9,940</u>

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits of the Group which are derived from Hong Kong. Taxation outside Hong Kong is calculated at the rates prevailing in the respective jurisdictions outside Hong Kong in which the Group operates.

## 7. Dividend

During the period, a final dividend of 6 cents per share, totalling approximately HK\$16,515,000, in respect of the year ended 31 March 2001 was approved at the annual general meeting held on 23 August 2001 and subsequently paid to the shareholders.

On 18 December 2001, the directors resolved to declare an interim dividend of 2.5 cents per share in respect of the six months ended 30 September 2001 (2000: 3 cents per share), totalling approximately HK\$6,881,000 (2000: HK\$8,270,000), to be paid in cash to those shareholders whose names appear on the Company's register of members on 9 January 2002. The dividend will be paid on or before 16 January 2002.

## 8. Earnings per share

The calculations of the basic and diluted earnings per share are based on the following data:

	<b>Six months ended</b>	
	<b>30 September 2001 HK\$'000</b>	30 September 2000 HK\$'000
Earnings		
Profit for the period attributable to shareholders	<u><b>40,060</b></u>	<u>45,032</u>
Number of shares		
Weighted average number of shares for the purpose of calculating basic earnings per share	<b>275,253,200</b>	276,686,071
Potential dilutive shares issuable under the Company's share option scheme	<u><b>5,295,547</b></u>	<u>1,325,153</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u><b>280,548,747</b></u>	<u>278,011,224</u>

## 9. Investment properties

During the period, the Group disposed of an investment property for HK\$8,950,000 which was approximately the carrying value of the disposed property.

The Group's remaining investment properties are stated at revalued amounts based on an external professional valuation as at 31 March 2001 on an open market value basis. The directors consider that there has been no significant change in valuation and have, therefore, adopted the same valuation for the Group's investment properties at 30 September 2001.

## 10. Investments in securities

	<b>30 September 2001 HK\$'000</b>	31 March 2001 HK\$'000
Held-to-maturity securities comprising interest bearing notes	<b>13,873</b>	8,891
Equity securities comprising securities listed in Hong Kong	<b>930</b>	1,202
Carrying value	<b><u>14,803</u></b>	<b><u>10,093</u></b>
Analysis of the carrying value for reporting purpose:		
Non-current	<b>13,873</b>	4,991
Current	<b>930</b>	5,102
	<b><u>14,803</u></b>	<b><u>10,093</u></b>

## 11. Debtors, deposits and prepayments

	<b>30 September 2001 HK\$'000</b>	31 March 2001 HK\$'000
Trade debtors	<b>23,336</b>	4,100
Deposits and prepayments	<b>6,473</b>	4,594
	<b><u>29,809</u></b>	<b><u>8,694</u></b>

The Group maintains a general credit policy of not more than 30 days for its established and major customers. The following is an aged analysis of the trade debtors of the Group at the balance sheet date:

	<b>30 September 2001 HK\$'000</b>	31 March 2001 HK\$'000
0-30 days	<b>23,148</b>	2,493
31-60 days	<b>7</b>	854
61-90 days	<b>84</b>	218
Over 90 days	<b>97</b>	535
	<b><u>23,336</u></b>	<b><u>4,100</u></b>

## 12. Creditors and accrued charges

	<b>30 September 2001 HK\$'000</b>	31 March 2001 HK\$'000
Trade creditors	<b>38,150</b>	14,744
Other creditors and accrued charges	<b>19,392</b>	13,559
	<b><u>57,542</u></b>	<b><u>28,303</u></b>

The following is an aged analysis of the trade creditors of the Group at the balance sheet date:

	<b>30 September 2001 HK\$'000</b>	31 March 2001 HK\$'000
0-60 days	<b>37,805</b>	14,526
61-90 days	<b>71</b>	193
Over 90 days	<b>274</b>	25
	<b><u>38,150</u></b>	<b><u>14,744</u></b>

## 13. Share capital

	<b>Number of shares</b>	<b>Nominal value HK\$'000</b>
Authorised:		
Shares of HK\$0.10 each	<b><u>500,000,000</u></b>	<b><u>50,000</u></b>
Issued and fully paid:		
At 1 April 2000	276,759,200	27,676
Repurchases of own shares during the year ended 31 March 2001	<b><u>(1,506,000)</u></b>	<b><u>(151)</u></b>
At 31 March 2001 and 30 September 2001	<b><u>275,253,200</u></b>	<b><u>27,525</u></b>

Other than the share repurchases noted above, there was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries in the past two years.

## 14. Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investment property revaluation reserve HK\$'000	Other property revaluation reserve HK\$'000	Contributed reserve HK\$'000	Special reserve HK\$'000	Goodwill reserve HK\$'000	Dividend reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
Balance at 1 April 2000, as previously reported	53,126	274	536	807	—	5,180	(151)	—	325,582	385,354
— derecognition of liability in respect of the 2000 final dividend (note 2)	—	—	—	—	—	—	—	16,606	—	16,606
— restatement of goodwill, as an asset, arising from an acquisition of a subsidiary in the past and retrospective provision for past accumulated amortisation (note 2)	—	—	—	—	—	—	151	—	(151)	—
Balance at 1 April 2000, as restated	53,126	274	536	807	—	5,180	—	16,606	325,431	401,960
Surplus arising on revaluation of investment properties at 31 March 2001	—	—	2,334	—	—	—	—	—	—	2,334
Transfer on repurchases of own shares during the year	—	151	—	—	—	—	—	—	(151)	—
Premium paid on repurchases of own shares	(1,081)	—	—	—	—	—	—	—	—	(1,081)
Profit for the year	—	—	—	—	—	—	—	—	97,327	97,327
2001 dividends	—	—	—	—	—	—	—	8,270	(8,270)	—
— interim	—	—	—	—	—	—	—	16,515	(16,515)	—
— final	—	—	—	—	—	—	—	(24,876)	—	(24,876)
Dividends paid	—	—	—	—	—	—	—	—	—	—
Balance at 31 March 2001	52,045	425	2,870	807	—	5,180	—	16,515	397,822	475,664
Profit for the six months ended 30 September 2001	—	—	—	—	—	—	—	—	40,060	40,060
2001 final dividend paid	—	—	—	—	—	—	—	(16,515)	—	(16,515)
2002 interim dividend declared	—	—	—	—	—	—	—	6,881	(6,881)	—
Balance at 30 September 2001	<u>52,045</u>	<u>425</u>	<u>2,870</u>	<u>807</u>	<u>—</u>	<u>5,180</u>	<u>—</u>	<u>6,881</u>	<u>431,001</u>	<u>499,209</u>

## 15. Pledge of assets

At 30 September 2001, certain of the Group's properties with an aggregate carrying value of approximately HK\$37,800,000 as at that date (31 March 2001: HK\$37,900,000), were pledged to banks to secure credit facilities for the Group.

At 30 September 2001, bank deposits of the Group of HK\$14,052,000 (31 March 2001: nil) were pledged to secure short-term bank loans for a subsidiary.

## 16. Capital commitments

	<b>30 September 2001</b>	31 March 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure for the acquisition of office equipment contracted for but not provided in the financial statements	<u>—</u>	<u>19</u>

## 17. Post balance sheet event

Subsequent to 30 September 2001, the Group entered into a sale and purchase agreement to dispose of an investment property in Hong Kong for HK\$24,300,000. The sale was completed in October 2001.

## MANAGEMENT DISCUSSIONS AND ANALYSIS

The Group's unaudited consolidated turnover for the period under review was HK\$846,757,000 (2000: HK\$744,374,000), representing an increase of approximately 13.8% against the corresponding period last year. Profit attributable to shareholders was HK\$40,060,000 (2000: HK\$45,032,000), representing a drop of 11.0% when compared with the previous period. Basic earnings per share declined by 10.6% to 14.55 cents (2000: 16.28 cents).

During this first half year, the Group recorded a satisfactory growth in turnover despite the slow retail market and the resulting fierce competition for sales. Consequently, the Group experienced a reduction in profit margin. In order to maintain profitability, tighter cost and inventory controls have been implemented.

The existing import tariffs on watches to China are between 20% and 23%, which are expected to reduce by steps following China's entry into the World Trade Organisation (the "WTO"). The Group has established a presence in Shanghai Wai Gao Qiao Free Trade Zone to engage in the trading of watches. The Board believes that restrictions to engage in watch retail business in China will be relaxed and that this will provide greater opportunities for watch retailers like the Group to capture the vast demand from customers in China.

The Group will expand its operations in China by opening a new shop at 38 Hongli Road, Star Plaza Shopping Centre, Futian, Shenzhen in January 2002. To establish a solid foothold in the domestic market of China, the Group will continue to expand its retail network into the major cities of China, such as Shanghai and Beijing.

The economic impact of the September 11 terrorist attacks in the United States has yet to be fully felt. There are still many uncertainties and downside risks prevailing which may affect the economic performance in the coming quarters. The Hong Kong economy is still struggling toward the year-end holiday seasons, Christmas and Chinese New Year, which traditionally account for a large portion of revenues and profits for retailers. While the immediate future is still uncertain, it is probable that there will continue to be economic difficulties in the coming quarters. The Board is not too pessimistic about the future as it is highly likely that the US economy will rebound sometime next year. On the other hand, the mainland economy will continue to grow at a fairly fast rate and Hong Kong, being the gateway to China, will stand to benefit. Though China's WTO membership has created many opportunities, certain restrictions and impediments will remain. In the short to medium-term, the investment environment may not look markedly different than today. In the long-term, predictability, transparency and openness of trade with and within China will improve. However, it is anticipated that competitions from key domestic players will become intense. Nevertheless, with its long established goodwill and accumulated experience in the China market, the Group's China strategy is for the long-term perspective and not a reflexive response to China's entry into the WTO. The Board is optimistic about the long-term future prospects of the Group.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 30 September 2001, the Group's total shareholders' funds amounted to HK\$527 million, compared with HK\$503 million as at 31 March 2001. The Group's bank and other borrowings were insignificant when compared to shareholders' funds.

The Group had net current assets of HK\$401 million, including bank and cash balances of HK\$64 million as at 30 September 2001 compared with balances of HK\$389 million and HK\$56 million respectively as at 31 March 2001.

The financial position of the Group is strong. The Board believes that the Group has sufficient internal finance resources to discharge its debts and to finance its operations and capital expenditure.

## STAFF AND EMPLOYMENT

As at 30 September 2001, the Group employed a total workforce of about 130 staff. The staff turnover rate of the Group is very low. The Group's policy is to review its employee's pay levels and incentive bonus system regularly to ensure that the remuneration package is competitive with relevant industries.

## DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

As at 30 September 2001, the interests of the directors and their associates in the shares of the Company as recorded in the register maintained by the Company under Section 29 of Hong Kong's Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of shares held			
	Personal interest	Family interest	Corporate interest	Other interest
Yeung Ming Biu	10,787,260	6,000,000	96,800,000	—
			<i>Note (a)</i>	
Siu Leung Wai	—	—	6,069,244	<i>Note (c)</i>
			<i>Note (b)</i>	
Fung Kwong Yiu	1,803,152	—	—	<i>Note (c)</i>
Chan Che Kwong, William	9,778,515	—	—	<i>Note (d)</i>
Yeung Man Yee, Shirley	—	167,547	—	<i>Note (e)</i>
Yeung Him Kit, Dennis	—	—	—	<i>Note (f)</i>
Sun Ping Hsu, Samson, Dr.	—	—	2,000,000	—
			<i>Note (g)</i>	
Li Sau Hung, Eddy, Dr.	—	—	—	—

### Notes:

- (a) Mr. Yeung Ming Biu and his wife, Madam Au Po Kee, are the beneficial owners of 45% and 22.5% respectively of the issued share capital of Realtower Holdings Limited. Realtower Holdings Limited is the beneficial owner of 55% of the issued share capital of Furama Investments Limited, which is the beneficial owner of 80% of the issued share capital of Datsun Holdings Limited. Datsun Holdings Limited is the beneficial owner of 96,800,000 shares in the Company.
- (b) Mr. Siu Leung Wai and his family members are the beneficial owners of the entire issued share capital of Power Dragon Holdings Limited, which is the beneficial owner of 6,069,244 shares in the Company.
- (c) Messrs. Siu Leung Wai and Fung Kwong Yiu are the beneficial owners of 21% and 6% respectively of the issued share capital of Real Champ Limited, which is the beneficial owner of 20% of the issued share capital of Datsun Holdings Limited.



- (d) Mr. Chan Che Kwong, William is the beneficial owner of 10% of the issued share capital of Furama Investment Limited and 10% of the issued share capital of Y.H. Chan Limited, which is the beneficial owner of 25% of the issued share capital of Furama Investments Limited (see note (a)). Y.H. Chan Limited also directly holds 294,365 shares in the Company.
- (e) Madam Yeung Man Yee, Shirley is the beneficial owner of 7.5% of the issued share capital of Realtower Holdings Limited (see note (a)).
- (f) Mr. Yeung Him Kit, Dennis is the beneficial owner of 10% and 7% of the issued share capitals of Realtower Holdings Limited and Real Champ Limited respectively (see notes (a) and (c)).
- (g) Dr. Sun Ping Hsu, Samson and his family members are beneficial owners of the entire issued share capital of Sun International Limited, which is the beneficial owner of 2,000,000 shares in the Company.

Save as disclosed above and other than certain nominee shares in subsidiaries held by a director in trust for the Group, none of the directors or their associates as at 30 September 2001 had any interest in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance.

## **SUBSTANTIAL SHAREHOLDERS**

As at 30 September 2001, according to the register maintained under Section 16(1) of the SDI Ordinance, the following persons, in addition to those directors who are listed above under “Directors’ interests in shares of the Company”, are interested in 10% or more of the issued share capital of the Company:

<b>Name of shareholder</b>	<b>Number of shares</b>
Datsun Holdings Limited	96,800,000
Furama Investments Limited	96,800,000
Realtower Holdings Limited	96,800,000

Realtower Holdings Limited holds 55% of the issued share capital of Furama Investments Limited which holds 80% of the issued share capital of Datsun Holdings Limited. Accordingly, both Realtower Holdings Limited and Furama Investments Limited are deemed under the SDI Ordinance to be interested in the 96,800,000 shares in the Company which are held by Datsun Holdings Limited.

Messrs. Yeung Ming Biu, Siu Leung Wai, Fung Kwong Yiu, Chan Che Kwong, William, Yeung Him Kit, Dennis, Madam Au Po Kee (wife of Mr. Yeung Ming Biu) and Madam Yeung Man Yee, Shirley are deemed by the SDI Ordinance to be interested in the shares of the Company beneficially owned

by Datsun Holdings Limited in the manner described under “Directors’ interests in shares of the Company”.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the issued share capital of the Company as at 30 September 2001.

### **DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Pursuant to the Company’s share option scheme, certain directors of the Company were granted options on 30 October 1996 to subscribe for shares in the Company at HK\$0.77 per share.

<b>Name of director</b>	<b>Number of shares for which options have been granted at 1 April 2001 and 30 September 2001</b>
Yeung Ming Bui	3,000,000
Siu Leung Wai	2,500,000
Fung Kwong Yiu	2,000,000
Chan Che Kwong, William	2,500,000
Yeung Man Yee, Shirley	2,000,000
Yeung Him Kit, Dennis	2,000,000

None of the options was exercised during the period nor was any other option granted during the period. The options had expired in October 2001.

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate. None of the spouses or children under the age of 18 of the directors or chief executives had any rights to subscribe for securities of the Company or had exercised any such rights during the period.

### **CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS**

Other than the share options referred to above, the Company had no outstanding convertible securities, options, warrants or similar rights as at 30 September 2001. There was no exercise of options, warrants or similar rights during the period.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 4 January 2002 to 9 January 2002 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend which is payable on 16 January 2002, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Secretaries Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00p.m. on 3 January 2002.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the six months ended 30 September 2001, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on The Stock Exchange of Hong Kong Limited.

## **CORPORATE GOVERNANCE**

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2001, 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.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited interim financial statements.

## **PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE**

All the information of the Company required by paragraph 46(1) and 46(6) inclusive of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) in due course.

By Order of the Board  
**Yeung Ming Bui**  
*Chairman and Managing Director*

Hong Kong, 18 December 2001