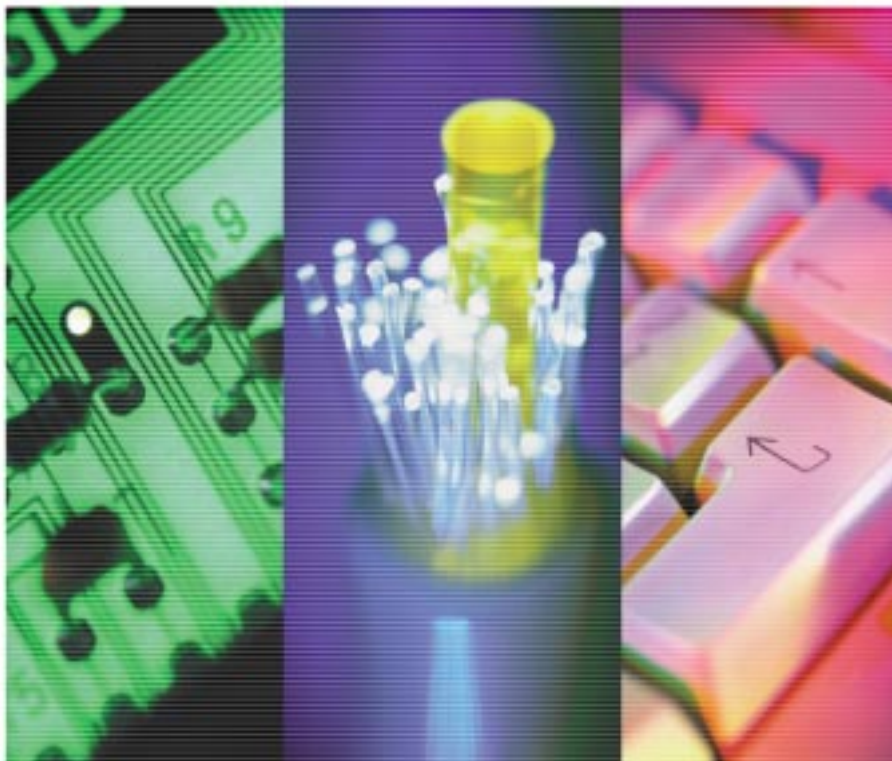




Great Wall Cybertech Limited



interim
report
2001

The Board of Directors of Great Wall Cybertech Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2001.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		(Unaudited)	
		Six months ended 30 September	
		2001	2000
	Notes	HK\$'000	HK\$'000
Turnover	3	1,099,198	1,188,235
Cost of sales		<u>(1,103,324)</u>	<u>(1,046,801)</u>
Gross profit/(loss)		(4,126)	141,434
Other revenue		3,703	6,431
Selling and distribution expenses		(30,568)	(29,668)
Administrative expenses		(69,549)	(40,123)
Other operating expenses		<u>(10,094)</u>	<u>(7,556)</u>
Profit/(loss) from operating activities	3,4	(110,634)	70,518
Finance costs		(28,106)	(25,244)
Share of profits less losses of associates		(1,580)	(18,946)
Share of loss of a jointly controlled entity		<u>(400)</u>	<u>—</u>
Profit/(loss) before tax		(140,720)	26,328
Tax	5	<u>—</u>	<u>(915)</u>
Profit/(loss) before minority interests		(140,720)	25,413
Minority interests		<u>(215)</u>	<u>(2)</u>
Net profit/(loss) from ordinary activities attributable to shareholders		(140,935)	25,411
Dividend	6	<u>—</u>	<u>(8,159)</u>
Retained profit/(loss) for the period		<u><u>(140,935)</u></u>	<u><u>17,252</u></u>
Earnings/(loss) per share	7		
Basic		<u><u>(8.7 cents)</u></u>	<u><u>1.6 cents</u></u>
Diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30/9/2001 HK\$'000	(Audited and restated) 31/3/2001 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Fixed assets		763,886	759,614
Intangible assets		10,209	10,350
Goodwill		1,866	—
Interest in associates		172,446	154,042
Interests in a jointly controlled entity		1,023	—
Interest in property development projects		73,159	73,020
		<u>1,022,589</u>	<u>997,026</u>
CURRENT ASSETS			
Inventories		611,793	762,641
Trade and bills receivables	8	173,572	137,261
Trade receivables from associates	9	708,138	713,736
Prepayments, deposits and other receivables		79,408	82,566
Pledged bank deposits		52,186	125,732
Cash and cash equivalents		144,047	187,692
		<u>1,769,144</u>	<u>2,009,628</u>
CURRENT LIABILITIES			
Trade and bills payables	10	525,931	548,661
Trade payables to associates	9	4,473	14,771
Tax payable		33,956	33,970
Other payable and accruals		309,089	281,447
Interest-bearing bank and other borrowings		627,208	680,646
		<u>1,500,657</u>	<u>1,559,495</u>
NET CURRENT ASSETS			
		<u>268,487</u>	<u>450,133</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,291,076</u>	<u>1,447,159</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		—	13,023
Finance lease payables		21,967	20,433
Deferred tax		8,017	8,017
		<u>29,984</u>	<u>41,473</u>
Minority interests		44,020	49,413
		<u>1,217,072</u>	<u>1,356,273</u>
CAPITAL AND RESERVES			
Share capital	11	161,525	161,910
Reserves	12	1,055,547	1,194,363
		<u>1,217,072</u>	<u>1,356,273</u>

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	(Unaudited)	
	Six months ended 30 September	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange differences on translation of the financial statements of foreign entities	<u>2,163</u>	<u>(3,350)</u>
Net profit/(loss) not recognised in the profit and loss account	2,163	(3,350)
Net profit/(loss) for the period attributable to shareholders	<u>(140,935)</u>	<u>25,411</u>
Total recognised gains and losses	<u><u>(138,772)</u></u>	<u><u>22,061</u></u>
Prior period adjustment arising from the change in accounting policy for goodwill arising on consolidation:		
		<i>HK\$'000</i>
— adjustment against the retained earnings at 1 April 2001		<u><u>(194,234)</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited)	
	Six months ended 30 September	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities	11,989	(205,081)
Net cash outflow from returns on investments and servicing of finance	(25,722)	(20,911)
Tax paid	(14)	(405)
Net cash inflow from investing activities	<u>35,013</u>	<u>7,026</u>
Net cash inflow/(outflow) before financing activities	21,266	(219,371)
Net cash inflow from financing activities	<u>54,142</u>	<u>272,272</u>
Increase in cash and cash equivalents	75,408	52,901
Cash and cash equivalents at beginning of period	46,605	70,888
Effect of changes in foreign exchange rate, net	<u>2,396</u>	<u>(1,123)</u>
Cash and cash equivalents at end of period	<u>124,409</u>	<u>122,666</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	144,047	187,340
Bank overdraft	(1,033)	(1,412)
Short term loans with original maturity of less than three months when acquired	<u>(18,605)</u>	<u>(63,262)</u>
	<u>124,409</u>	<u>122,666</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the Six Months Ended 30 September 2001

1. Accounting policies

The unaudited interim condensed consolidated financial statements have been prepared in accordance with the Hong Kong Statements of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants (HKSA) and Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies and basis of presentation used in the preparation of these interim financial statements are the same as those used in the Group’s audited financial statements for the year ended 31 March 2001, except the following new/revised SSAPs adopted for the first time in the preparation of the current period’s condensed consolidated financial statements:

- SSAP 9 (revised) Events after the balance sheet date
- SSAP 28 (new) Provisions, Contingent Liabilities and Contingent Assets
- SSAP 29 (new) Intangible Assets
- SSAP 30 (new) Business Combinations
- SSAP 31 (new) Impairment of Assets
- SSAP 32 (new) Consolidated Financial Statements and Accounting for Investments
in Subsidiaries

A summary of their major effects is as follows:

- (a) SSAP 9 prescribes the accounting treatment and disclosures for events occurring after the balance sheet date. This has had no major impact on these financial statements.
- (b) SSAP 28 prescribes the accounting treatment and disclosures for provisions, contingent liabilities and contingent assets. This has had no major impact on these financial statements.

- (c) SSAP 29 prescribes the accounting treatment and disclosures of intangible assets. This has had no major impact on these financial statements.
- (d) SSAP 30 prescribes the accounting treatment and disclosures for business combinations.

In prior years, goodwill/negative goodwill arising on consolidation of subsidiaries and on acquisition of associates, representing the excess/shortfall of the cost of investments in subsidiaries and associates over the appropriate share of the fair value of the net tangible assets at the date of acquisition, was taken to reserves in the year in which it arose. On disposal of a subsidiary or an associate, the attributable amount of goodwill/negative goodwill is included in calculating the profit or loss on disposal.

With effect from 1 April 2001, with the introduction of SSAP 30 "Business Combinations", the Group adopted an accounting policy to recognise goodwill as an asset which is amortised on a straight-line basis over its estimated useful life. Negative goodwill which relates to an expectation of future losses and expenses that is identified in the plan of acquisition and can be measured reliably, but which has not yet been recognised, is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account. On disposal of a consolidated controlled enterprise, any attributable amount of purchased goodwill not previously amortised through the profit and loss account is included in the calculation of the profit or loss on disposal.

The Group has taken advantage of the transitional provisions in SSAP 30 and the goodwill/negative goodwill that arose from acquisitions prior to 1 April 2001, which has been previously eliminated against/taken to reserves, has not been retrospectively restated under the new accounting policy. Therefore, goodwill arising on acquisitions prior to 1 April 2001 is held in reserves and will be charged to the profit and loss account at the time of disposal of the subsidiaries/associates, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1 April 2001 is held in reserves and will be credited to the profit and loss account at the time of disposal of the relevant subsidiaries/associates.

- (e) SSAP 31 requires enterprises to consider whether assets are carried in excess of their recoverable amounts and prescribes the accounting treatment for any resulting impairment losses. This also applies to goodwill eliminated against reserves in accordance with the provisions of Interpretation 13 issued by the HKSA. As the Group had not previously followed a policy of recognising impairment losses in respect of goodwill written off against reserves, implementation of SSAP 31 is treated as a change in accounting policy in accordance with SSAP 2 and is applied retrospectively in accordance with the transitional provisions of SSAP 30 and the comparatives presented have been restated to conform to the change of accounting policy. As a result of this change, the retained earnings and goodwill reserve were decreased and increased by approximately HK\$194,234,000 respectively. There is no attributable tax effect in respect of the prior period adjustment.

- (f) SSAP 32 prescribes the accounting treatment and disclosures in the preparation and presentation of consolidated financial statements. This has had no major impact on these financial statements.

2. Corporate update and basis of presentation

As more fully explained in the audited consolidated financial statements for the year ended 31 March 2001, the Group has actively negotiated with major bankers with a view to renew the existing banking facilities granted to the Group by these banks. Should the Group be unable to renew its existing banking facilities and continue in business as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current.

3. Segment information

An analysis of the Group's turnover and contribution to profit/(loss) from operating activities, which was principally derived from the manufacture and sale of consumer electronic products, by geographical area of operations is as follows:

	(Unaudited)		(Unaudited)	
	Turnover		Contribution to profit/(loss)	
	Six months ended		from operating activities	
	30 September		Six months ended	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
America:				
United States of America	48,000	15,586	(8,188)	889
Others	52,377	46,877	(11,971)	2,035
Asia:				
People's Republic of China	589,736	673,548	(32,021)	44,021
Middle East	73,987	56,163	(13,811)	2,604
Others	28,721	139,362	(5,728)	11,278
Europe:				
Germany	80,477	28,030	(2,458)	1,319
United Kingdom	22,646	30,510	(3,322)	1,343
Others	48,795	69,366	(1,457)	3,046
Oceania & Africa:				
Australia	73,293	88,662	(14,010)	2,761
Others	81,166	40,131	(17,668)	1,222
Total	<u>1,099,198</u>	<u>1,188,235</u>	<u>(110,634)</u>	<u>70,518</u>

4. Profit/(loss) from operating activities

Profit/(loss) from operating activities is arrived at after charging/(crediting):

	(Unaudited)	
	Six months ended 30 September	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	31,809	35,219
Amortisation of goodwill	98	—
Amortisation of intangible assets	862	846
Interest income	<u>(2,384)</u>	<u>(4,333)</u>

5. Tax

No provision for taxation has been made as the Group has incurred a tax loss for the period.

In prior period, Hong Kong Profits Tax had been provided at 16% on the estimated assessable profits arising in Hong Kong for that period. Taxes on profits assessable elsewhere had been calculated at the rates of tax prevailing in the countries in which the Group operated, based on legislation, interpretations and practices in respect thereof.

There was no significant unprovided deferred tax for the period.

6. Dividend

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2001 (2000: HK0.5 cent per share).

7. Earnings/(loss) per share

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the net loss attributable to shareholders for the period of HK\$140,935,000 (2000: profit of HK\$25,411,000) and the weighted average number of 1,626,063,200 ordinary shares (2000: 1,631,990,060 ordinary shares) in issue during the period.

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the six months ended 30 September 2001 and 2000 have not been shown as the effect of the dilutive potential ordinary shares for these periods is anti-dilutive.

8. Trade and bills receivables

The Group allows an average credit period of 30 to 90 days to its customers. The following is an aging analysis of trade and bills receivables:

	(Unaudited)	(Audited)
	30/9/2001	31/3/2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	126,962	101,193
Between 31 days and 60 days	11,237	5,989
Between 61 days and 90 days	1,607	5,421
Between 91 days and 120 days	3,987	10,292
Over 120 days	29,779	14,366
	<u>173,572</u>	<u>137,261</u>

9. Trade receivables from and payables to associates

The following is an aging analysis of trade receivables from associates:

	(Unaudited)	(Audited)
	30/9/2001	31/3/2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	50,255	103,097
Between 31 days and 60 days	46,334	96,086
Between 61 days and 90 days	61,880	73,907
Between 91 days and 120 days	61,508	136,234
Over 120 days	488,161	304,412
	<u>708,138</u>	<u>713,736</u>

The following is an aging analysis of trade payables to associates:

	(Unaudited)	(Audited)
	30/9/2001	31/3/2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	12	4,702
Between 31 days and 60 days	—	2,666
Between 61 days and 90 days	—	4,618
Between 91 days and 120 days	—	2,652
Over 120 days	4,461	133
	<u>4,473</u>	<u>14,771</u>

10. Trade and bills payables

The following is an aging analysis of trade and bills payables:

	(Unaudited)	(Audited)
	30/9/2001	31/3/2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	222,454	232,388
Between 31 days and 60 days	29,589	72,517
Between 61 days and 90 days	51,798	42,896
Between 91 days and 120 days	83,210	87,800
Over 120 days	138,880	113,060
	<u>525,931</u>	<u>548,661</u>

11. Share capital

	Ordinary shares of HK\$0.10 each	
	Number of shares	<i>HK\$'000</i>
Authorised:		
At 1 April 2001 and at 30 September 2001	<u>2,500,000,000</u>	<u>250,000</u>
Issued and fully paid:		
At 1 April 2001	1,619,097,404	161,910
Share repurchased and cancelled	<u>(3,846,000)</u>	<u>(385)</u>
At 30 September 2001	<u>1,615,251,404</u>	<u>161,525</u>

During the period, the Company repurchased 3,846,000 ordinary shares through the Stock Exchange at a cash consideration of HK\$431,000. The lowest and highest prices paid for the above repurchases were HK\$0.102 and HK\$0.122 per ordinary share, respectively.

The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares was transferred from retained profits to capital redemption reserve (note 12).

12. Reserves

	Share	Goodwill	Capital	Capital	Exchange	Retained		
	premium	reserve	reserve	redemption	fluctuation	profits	Total	
	HK\$'000	HK\$'000	HK\$'000	reserve	reserve	HK\$'000	HK\$'000	
At 1 April 2001								
As previously stated (audited)	795,533	(112,110)	—	9,539	46,564	(10,738)	465,575	1,194,363
Transfer of reserves	—	(65,742)	65,742	—	—	—	—	—
Prior period adjustment	—	194,234	—	—	—	—	(194,234)	—
As restated	795,533	16,382	65,742	9,539	46,564	(10,738)	271,341	1,194,363
Transfer of nominal value of shares repurchased	—	—	—	385	—	—	(385)	—
Premium paid in respect of share repurchased	(44)	—	—	—	—	—	—	(44)
Exchange realignments	—	—	—	—	—	2,163	—	2,163
Loss for the period	—	—	—	—	—	—	(140,935)	(140,935)
At 30 September 2001	795,489	16,382	65,742	9,924	46,564	(8,575)	130,021	1,055,547

13. Contingent liabilities

(a)

	(Unaudited) 30/9/2001 HK\$'000	(Audited) 31/3/2001 HK\$'000
Guarantees given to banks in respect of credit facilities granted to associates	360,690	325,761
Bills discounted with recourse	<u>61,720</u>	<u>82,871</u>
	<u>422,410</u>	<u>408,632</u>

As at 30 September 2001, the guarantees given to banks in connection with facilities granted by the Group to associates were utilised to the extent of approximately HK\$298,386,000 (At 31 March 2001: HK\$154,613,000).

- (b) The Group is currently a defendant in a lawsuit brought by a customer alleging that certain goods delivered were defective and that the Group had breached the sales agreement which prohibited the Group from selling the goods to its competitor. Having considered advice from the Group's legal counsel, the directors believe that they have valid defences for the litigation and adequate provision for any liabilities to the Group resulting from this contingency has been made and, therefore, that any unprovided liability that could arise will not have a material adverse effect on the financial position of the Group.

14. Pledge of assets

At 30 September 2001, certain properties of the Group with net book value of HK\$393,000,000 (at 31 March 2001: HK\$315,170,000) and HK\$4,188,000 (at 31 March 2001: HK\$4,379,000) are pledged to secure the Group's and an associate's borrowing respectively.

BUSINESS REVIEW & PROSPECTS

Business Review

The consolidated turnover for the six months ended 30 September 2001 was HK\$1,099,198,000, down 7.5% from the HK\$1,188,235,000 reported in the same period last year. Loss attributable to shareholders for the same period was HK\$140,935,000.

During the period under review, the market condition of the PRC television market has continued to deteriorate. Sales price has decreased by as much as 25%, which has significantly affected the gross margin of the period. In addition, the Group is going through a clearance exercise for all the long outstanding inventory items. During the period, inventory level has decreased by more than HK\$150 million.

The air-conditioner business has progressed smoothly during the period, and has attributed a profit to the Group.

The Bio-Chemical business has made consistent progress, however it was not as fast as we have anticipated. Although the Company have obtained the provincial approval for the production of polygelatine plasma substitute, the national standard have not been set by the national bureau, which the Group believes should be done in the first half of 2002.

With the sluggish global economy, the demand on communication equipment has reduced substantially. This situation has caused a set back on our Optical Fibre networking equipment division.

Outlook

The Group will continue to shift its focus from the PRC market to the Overseas market to improve its profit margin. In addition, an estimated 10 to 15 models will be launched in the first half of next year. The new models will help the Group to increase its turnover and improve its gross margin.

The Group is formulating a plan to liquidate some of its idle assets in the second half of fiscal 2001/2002. The proceeds will be used for working capital.

The Group continues its restructuring plan which has commenced since September 2001. The structural reform of the Group has already taken place and further policies for cost savings and efficiency will be implemented during the first half of 2002. The policies will cover every aspect of the Group, from production to administration.

In October 2001, an associated company of the Group has successfully obtained a license for operating mobile phone business in the PRC. With the booming mobile phone market in the PRC, the Group believes the mobile phone business will have major contributions in the future.

Financial review

As at 30 September 2001, the Group had total assets of HK\$2,791,733,000, which were financed by current liabilities, non-current liabilities and shareholders' equity of HK\$1,500,657,000, HK\$74,004,000 and HK\$1,217,072,000 respectively. As at 30 September 2001, the Group had total borrowings of HK\$649,175,000. The gearing ratio (based on total shareholders fund) has been slightly increased from 0.52 as at 31 March 2001 to 0.53 as at 30 September 2001.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2001, the following interest of 10% or more of the share capital of the Company was recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"):

Name	Number of shares	%
Vandor Profits Limited (<i>Note</i>)	486,132,109	30.10

Note:

Vandor Profits Limited ("Vandor") is beneficially owned by Messrs. Wu Shaozhang and Wong Kwok Wing, the Chairman and Vice Chairman of the Company respectively, and China Everbright Holdings Company Limited.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' Interests in Shares", had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

DIRECTORS' INTERESTS IN SHARES

At 30 September 2001, the interests of the directors in the share capital of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance, were as below:

Director	Number of shares
Mr. Wu Shaozhang (<i>Note</i>)	486,132,109

Note:

These shares are held by Vandor (see the section "Substantial Shareholders"). Under the SDI Ordinance, a director is taken to be interested in shares if a corporation is interested in the shares and the director is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that corporation. Mr. Wu Shaozhang is deemed to be interested in the shares of the Company held by Vandor, but Mr. Wong Kwok Wing is not so deemed to be interested despite his interest in Vandor, for the purpose of the SDI Ordinance.

Save as disclosed above and other than certain nominee shareholdings in subsidiaries held in trust for the Group by certain directors, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations, as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the six months ended 30 September 2001 was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

PRACTICE NOTE 19 DISCLOSURE

The following disclosure is made by the Company in compliance with the continuing disclosure requirements under Practice Note 19 (“PN19”) of the Listing Rules.

Advances to an Entity (Paragraph 3.2.1 of PN19)

Details of the advances made by the Group to Qingyuan Rowa Electronics Co. Ltd. (“QY Rowa”) and its affiliated companies, Guangdong Rowa Air Conditioner Ltd. (“GD Rowa”), Rowa Electronics (HK) Co. Ltd. (“Rowa HK”) and Taiyuan Caixing Electronics Equipment Co. Ltd. (TY Caixing), as at 30 September 2001 is as follows:

Affiliated Companies	Percentage of Interest	Net Trade Receivables		Guarantee		
		Within 90 days	Over 90 days	Loan	Given	Utilised
		(A) HK\$'000	(B) HK\$'000	(C) HK\$'000	(D)(a) HK\$'000	(D)(b) HK\$'000
QY Rowa	50%	122,578	515,816	18,420	79,814	79,814
GD Rowa	40.1%	—	—	—	146,976	118,790
Rowa HK	50%	6,566	33,803	—	10,000	4,556
TY Caixing	37.5%	12,273	—	—	37,396	37,396
Total		<u>141,417</u>	<u>549,619</u>	<u>18,420</u>	<u>274,186</u>	<u>240,556</u>
A+B+C+D(a)		<u>983,642</u>				
A+B+C+D(b)		<u>950,012</u>				

Advances to the aforesaid affiliated companies were funded by internal resources and/or bank borrowings and were made for the purpose of providing investment fund and/or working capital.

All the said advances were unsecured, interest-free and had no fixed repayment terms except for the net trade receivables from QY Rowa, Rowa HK and TY Caixing having a credit term of 90 days.

Financial Assistance and Guarantees to Affiliated Companies (Paragraph 3.3 of PN19)

Details of the financial assistance (i.e. net trade receivables over 90 days) provided to and guarantees given to affiliated companies (including QY Rowa and its affiliated companies) by the Group are set out below:

Affiliated Companies	Percentage of Interest	Trade receivables over		Guarantee	
		90 days (A) HK\$'000	Loan (B) HK\$'000	Given (C)(a) HK\$'000	Utilised (C)(b) HK\$'000
QY Rowa & its affiliated companies		549,619	18,420	274,186	240,556
Bateman Investment Ltd.	50%	11	—	—	—
Big Hippo World (HK) Ltd.	50%	1	—	—	—
Chang Hua Ltd.	50%	11	—	—	—
Eltic Electronics Company Ltd.	50%	—	—	21,662	19,662
Good Event Technology Ltd.	50%	17	—	—	—
Great Wall Electronics Ltd.	50%	—	—	64,843	38,169
Kennedy Holding Ltd.	50%	11	—	—	—
Total		<u>549,670</u>	<u>18,420</u>	<u>360,690</u>	<u>298,386</u>
(A)+(B)+(C)(a)		<u>928,780</u>			
(A)+(B)+(C)(b)		<u>866,476</u>			

Relevant details in respect of the financial assistance provided to and guarantees given to QY Rowa and its affiliated companies are disclosed above under Paragraph 3.2.1 of PN19.

All the said financial assistance and guarantees were unsecured, interest-free and had no fixed repayment terms.

A pro-forma combined balance sheet of the affiliated companies and the Group's attributable interest in these affiliated companies are presented below:

	Pro-forma combined balance sheet	Group's attributable interest
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	486,692	221,572
Current assets	2,600,986	1,236,598
Current liabilities	(2,820,383)	(1,343,599)
Non-current liabilities	(19,721)	(9,810)
	<u>247,574</u>	<u>104,761</u>
Net assets	<u>247,574</u>	<u>104,761</u>

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Save as disclosed in note 11 "Share capital" to the condensed financial statements, neither the Company, nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2001.

AUDIT COMMITTEE

The unaudited interim financial statements for the six months ended 30 September 2001 have been reviewed by the audit committee of the Company.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report, except that the non-executive directors of the Company not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's bye-laws.

By Order of the Board of Directors

Wu Shaozhang

Chairman

Hong Kong, 27 December 2001