



**NEWOCEAN GREEN ENERGY
HOLDINGS LIMITED**
新海環保能源集團有限公司
(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)



Environmentally
Friendly

LPG



Interim Report 中期報告

For The Six Months Ended 31st March, 2002
截至2002年3月31日止6個月

The Board of Directors (the “Board”) of NewOcean Green Energy Holdings Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31st March, 2002 together with comparative figures for the previous corresponding period are as follows:—

CONDENSED CONSOLIDATED INCOME STATEMENT

		6 months ended 31.03.2002 (Unaudited) <i>HK\$'000</i>	6 months ended 31.03.2001 (Unaudited) <i>HK\$'000</i>
	<i>Note</i>		
Turnover	2	163,334	30,193
Cost of sales		(128,718)	(35,831)
Gross profit/(loss)		34,616	(5,638)
Other income		1,449	1,410
Write back inventories written off		—	315
Selling and distribution expenses		(1,781)	(1,762)
Administrative expenses		(13,706)	(19,964)
Loss on investment in securities		—	(403)
Loss on disposals of property, plant and equipment		(2,048)	—
Profit/(loss) from operations	3	18,530	(26,042)
Finance costs		(1,299)	(13)
Recognition of impairment in goodwill arising on acquisition of an associate		—	(8,280)
Share of results of an associate		—	(67)
Profit/(loss) before taxation		17,231	(34,402)
Taxation	4	—	—
Profit/(loss) before minority interests		17,231	(34,402)
Minority interests		(85)	291
Net profit/(loss) for the period		17,146	(34,111)
Earnings/(loss) per share	5		
Basic and diluted		0.54 cents	(1.35) cents

CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	31.03.2002 (Unaudited) HK\$'000	30.09.2001 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		64,205	66,375
Goodwill	6	31,291	28,902
		<u>95,496</u>	<u>95,277</u>
Current assets			
Inventories		7,798	9,316
Trade debtors	7	25,143	9,400
Other debtors, deposits and prepayments		16,462	6,769
Amount due from a related company		360	187
Amount due from a minority shareholder of a subsidiary		357	357
Pledged bank deposits		440	1,090
Bank balances and cash		8,643	3,032
		<u>59,203</u>	<u>30,151</u>
Current liabilities			
Trade creditors	8	21,298	14,834
Other creditors and accrued charges		7,379	8,379
Amounts due to related companies		512	616
Bills payable		864	2,170
Borrowings		8,604	10,827
		<u>38,657</u>	<u>36,826</u>
Net current assets/(liabilities)		<u>20,546</u>	<u>(6,675)</u>
		<u>116,042</u>	<u>88,602</u>
Capital and reserves			
Share capital	9	321,094	267,594
Reserves	10	(210,446)	(227,519)
		<u>110,648</u>	<u>40,075</u>
Mandatory convertible notes		2,500	46,000
Minority interests		2,894	2,527
		<u>116,042</u>	<u>88,602</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 31.03.2002 (Unaudited) HK\$'000	6 months ended 31.03.2001 (Unaudited) HK\$'000
Net cash inflow/(outflow) from operating activities	8,275	(17,581)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(1,293)	255
Net cash inflow/(outflow) from investing activities	229	(2,197)
Net cash inflow/(outflow) before financing	7,211	(19,523)
Net cash (outflow)/inflow from financing	(113)	1,693
Increase/(decrease) in cash and cash equivalents	7,098	(17,830)
Cash and cash equivalents at beginning of the period	1,205	18,966
Effect of foreign exchange rate changes	(73)	36
Cash and cash equivalents at end of the period	8,230	1,172
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	8,643	1,177
Bank overdraft	—	(5)
Other creditors repayable within three months from the date of advances	(413)	—
	8,230	1,172

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	6 months ended 31.03.2002 (Unaudited) HK\$'000	6 months ended 31.03.2001 (Unaudited) HK\$'000
Exchange differences arising from translation of financial statements of overseas subsidiaries not recognised in the income statement	(73)	1,538
Net profit/(loss) for the period	17,146	(34,111)
Total net recognised gains/(losses)	17,073	(32,573)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Principal Accounting Policies and Basis of Preparation

The interim financial statements have been prepared in accordance with the Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants.

The accounting policies and methods of computation used in preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 30th September, 2001 except that the Group has adopted SSAP No. 26 “Segment Reporting” issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1st January, 2001.

In Note 2 to these condensed interim accounts, the Group has disclosed segment revenue, results, assets and liabilities as defined under SSAP 26. In accordance with the Group’s internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

2. Segmental Information

The Group is principally engaged in sale and distribution of liquefied petroleum gas and manufacturing and sale of electronic products. These businesses are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Business segments

Results

	Liquefied Petroleum Gas		Electronic Products		Consolidated	
	6 months ended		6 months ended		6 months ended	
	31.03.2002	31.03.2001	31.03.2002	31.03.2001	31.03.2002	31.03.2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Segment revenues	<u>92,555</u>	<u>899</u>	<u>70,779</u>	<u>29,294</u>	<u>163,334</u>	<u>30,193</u>
Segment results	<u>19,016</u>	<u>(844)</u>	<u>2,590</u>	<u>(21,631)</u>	<u>21,606</u>	<u>(22,475)</u>
Loss on investment in securities					—	(403)
Loss on disposals of property, plant and equipment					(2,048)	—
Unallocated costs					<u>(1,028)</u>	<u>(3,164)</u>
Profit/(loss) from operations					<u>18,530</u>	<u>(26,042)</u>
Finance costs					<u>(1,299)</u>	<u>(13)</u>
Recognition of impairment in goodwill arising on acquisition of an associate					—	(8,280)
Share of results of an associate					<u>—</u>	<u>(67)</u>
Profit/(loss) before taxation					<u>17,231</u>	<u>(34,402)</u>

Other information

	Liquefied Petroleum Gas		Electronic Products		Consolidated	
	6 months ended		6 months ended		6 months ended	
	31.03.2002	31.03.2001	31.03.2002	31.03.2001	31.03.2002	31.03.2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Additions to property, plant and equipment						
— segment	431	25	6,653	1,859	7,084	1,884
— unallocated					14	69
Total additions to property, plant and equipment					7,098	1,953
Depreciation						
— segment	109	1	2,849	5,831	2,958	5,832
— unallocated					72	55
Total depreciation					3,030	5,887
Amortization of goodwill	470	625	364	—	834	625

Balance sheet

	Liquefied Petroleum Gas		Electronic Products		Consolidated	
	31.03.2002		31.03.2002		31.03.2002	
	(Unaudited)		(Unaudited)		(Unaudited)	
	<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>	
Segment assets		55,173		98,373		153,546
Unallocated assets						1,153
Consolidated total assets						154,699
Segment liabilities		8,306		20,832		29,138
Unallocated liabilities						9,519
Consolidated total liabilities						38,657

Geographical segments

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

	Revenue	
	6 months ended 31.03.2002 (Unaudited) HK\$'000	6 months ended 31.03.2001 (Unaudited) HK\$'000
Mainland China	148,365	19,409
Europe	10,509	4,186
South East Asia, Japan and Australia	4,404	4,313
Hong Kong	56	2,285
	<u>163,334</u>	<u>30,193</u>

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and goodwill, by geographical area in which the assets are located:

	Carrying Amount of Segment Assets	Additions to Property, Plant and Equipment and Goodwill
	31.03.2002 (Unaudited) HK\$'000	31.03.2002 (Unaudited) HK\$'000
Mainland China	108,617	7,084
Hong Kong	14,791	14
Goodwill	31,291	3,223
	<u>154,699</u>	<u>10,321</u>

3. Profit/(Loss) From Operations

Profit/(loss) from operations is stated after charging the following:

	6 months ended 31.03.2002 (Unaudited) HK\$'000	6 months ended 31.03.2001 (Unaudited) HK\$'000
Depreciation and amortization		
Owned assets	3,030	5,887
Goodwill	834	625
	<u>3,864</u>	<u>6,512</u>

4. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for the period.

5. Earnings/(Loss) Per Share

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	6 months ended 31.03.2002 (Unaudited) HK\$'000	6 months ended 31.03.2001 (Unaudited) HK\$'000
Profit/(loss) for the purposes of calculation of basic and diluted earnings/(loss) per share	<u>17,146</u>	<u>(34,111)</u>
Weighted average number of shares for the purposes of calculation of basic earnings/(loss) per share	3,178,519,291	<u>2,531,446,763</u>
Effect of dilutive potential shares: convertible notes	<u>25,000,000</u>	
Weighted average number of shares for the purposes of calculation of diluted earnings per share	<u>3,203,519,291</u>	

The exercise of the Company's options outstanding during the period would not result in any dilutive effect for both periods ended March 31.

6. Goodwill

During the period, a goodwill of HK\$3,223,000 arose on the acquisition of 100% of equity interest in Environmental Energy Investment Limited ("Environmental") by Sound Green Energy Limited ("Sound Green"), a wholly-owned subsidiary of the Company and is amortized over 20 years, reflecting its expected useful life. During the corresponding period of the six months ended 31st March, 2001, a goodwill of HK\$50,065,000 arose.

7. Trade Debtors

The credit terms of the Group range from 0 to 90 days. The ageing analysis of trade debtors is as follows:

	31.03.2002 (Unaudited) HK\$'000	30.09.2001 (Audited) HK\$'000
0 - 30 days	10,225	3,824
31 - 60 days	10,747	1,922
61 - 90 days	77	1,162
91 - 120 days	949	92
More than 120 days	<u>3,145</u>	<u>2,400</u>
	<u>25,143</u>	<u>9,400</u>

8. Trade Creditors

The ageing analysis of trade creditors is as follows:

	31.03.2002 (Unaudited) HK\$'000	30.09.2001 (Audited) <i>HK\$'000</i>
0 - 30 days	5,542	5,066
31 - 60 days	4,693	4,205
61 - 90 days	2,762	1,698
91 - 120 days	2,086	474
More than 120 days	6,215	3,391
	<u>21,298</u>	<u>14,834</u>

9. Share Capital

Ordinary shares of par value of HK\$0.10 each

	Number of shares	31.03.2002 (Unaudited) HK\$'000
<i>Authorised:</i>		
At beginning and at end of the period	<u>20,000,000,000</u>	<u>2,000,000</u>
<i>Issued and fully paid:</i>		
At 30.09.2001	2,675,936,873	267,594
Issue of shares in consideration for the acquisition of a subsidiary	<i>Note (a)</i> 100,000,000	10,000
Issue of shares upon conversion of mandatory convertible notes	<i>Note (b)</i> 435,000,000	<u>43,500</u>
At 31.03.2002	<u>3,210,936,873</u>	<u>321,094</u>

Notes:

- (a) On 16th October, 2001, the Company issued new 100,000,000 ordinary shares at HK\$0.1 per share as the consideration for acquisition of 100% equity interest in Environmental by its wholly owned subsidiary Sound Green and HK\$10,000,000 was fully credited to the share capital account.
- (b) Mandatory convertible notes of HK\$20,040,000, HK\$20,960,000 and HK\$2,500,000 were converted into shares on 11th December, 2001, 9th January, 2002 and 25th March, 2002 respectively and HK\$43,500,000 was credited to the share capital account.

10. Reserves (Unaudited)

	Share Premium of the Company	Special Reserve	Asset Revaluation Reserve	Exchange Reserve	Deficit	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 30.09.2001	461,757	122,085	1,331	1,436	(814,128)	(227,519)
Exchange differences arising from translation of financial statements of overseas subsidiaries	—	—	—	(73)	—	(73)
Released upon disposal	—	—	(496)	—	496	—
Profit for the period	—	—	—	—	17,146	17,146
At 31.03.2002	<u>461,757</u>	<u>122,085</u>	<u>835</u>	<u>1,363</u>	<u>(796,486)</u>	<u>(210,446)</u>

11. Acquisition of a Subsidiary

On 16th October, 2001, the Group acquired 100% of equity interest of Environmental with consideration of 100,000,000 shares of the Company issued at HK\$0.1.

	6 months ended 31.03.2002 (Unaudited) <i>HK\$'000</i>	6 months ended 31.03.2001 (Unaudited) <i>HK\$'000</i>
Fair value of net assets	6,777	2,796
Goodwill	3,223	50,065
Minority interests	—	(2,814)
	<u>10,000</u>	<u>50,047</u>
Total purchase consideration	<u>10,000</u>	<u>50,047</u>

There were no other significant changes in the composition of the Group during the period from 1st October, 2001 to 31st March, 2002.

12. Related Party Transactions

During the period, the Group entered into the following significant transactions with related parties:

	6 months ended 31.03.2002 (Unaudited) HK\$'000	6 months ended 31.03.2001 (Unaudited) HK\$'000
Guangdong Huabao Electric Appliance Co., Limited ("Huabao")		
Rental expenses paid to	—	720
Hunsworth Industrial Limited ("Hunsworth")	600	600
Rental expenses paid to		

Shun Siu Hung, a director of the Company, is a director of Huabao.

Shum Siu Hung and his spouse, Tong Shiu Ming, both directors of the Company, are directors and shareholders of Hunsworth.

Shum Siu Hung, director of the Company, has given a personal guarantee to secure loans of HK\$4,000,000 granted to the Group and outstanding at 31st March, 2002 (30th September, 2001: HK\$4,000,000).

13. Contingent Liabilities

At 31st March, 2002, the Company has given guarantees amounting to HK\$2,000,000 (30th September, 2001: HK\$2,000,000) to financial institutions in respect of general facilities granted to the Group. The facilities utilised by the Group at 31st March, 2002 amounted to HK\$413,000 (30th September, 2001: HK\$1,827,000).

14. Pledge of Assets

At 31st March, 2002, the Group pledged its bank deposits amounting to HK\$440,000 (30th September, 2001: HK\$1,090,000) to secure general banking facilities granted to a subsidiary of the Group. Land use right with aggregate net book value of HK\$2,634,000 (30th September, 2001: Nil) was pledged to a bank to obtain a bank loan of HK\$1,604,000 (30th September, 2001: Nil) granted to a subsidiary of the Group.

15. Lease Commitments

At 31st March, 2002, the Group had outstanding commitments under a non-cancellable operating lease, in respect of rented premises, which fall due as follows:

	The Group		The Company	
	31.03.2002 (Unaudited) HK\$'000	30.09.2001 (Audited) HK\$'000	31.03.2002 (Unaudited) HK\$'000	30.09.2001 (Audited) HK\$'000
Within one year	1,011	1,894	—	—
In the second to fifth years inclusive	557	836	—	—
Over five years	—	76	—	—
	<u>1,568</u>	<u>2,806</u>	<u>—</u>	<u>—</u>

16. Other Commitments

Capital expenditure contracted for but not provided in the financial statements in respect of:

	The Group		The Company	
	31.03.2002 (Unaudited) HK\$'000	30.09.2001 (Audited) HK\$'000	31.03.2002 (Unaudited) HK\$'000	30.09.2001 (Audited) HK\$'000
Investment in subsidiaries	11,196	7,225	—	—
Investment in an associate	1,885	1,885	—	—
Purchase of property, plant and equipment	736	523	—	—
	<u>13,817</u>	<u>9,633</u>	<u>—</u>	<u>—</u>

17. Comparative figures

Comparative figures in the condensed consolidated income statement and in Note 2 have been re-stated to conform with the current period's presentation. In Note 2, audited figures for the prior year ended 30th September, 2001 have not been given as the Group has adopted SSAP No. 26 for the first time.

SECOND INTERIM DIVIDEND

The Board does not recommend the payment of second interim dividend for the six months ended 31st March, 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group succeeded in continuing a profitable business trend since the turnaround in the last quarter. Turnover was HK\$163,334,000, being 5.4 times of HK\$30,193,000 recorded in the previous corresponding period. Net profit for the period was HK\$ 17,146,000 (2001: loss of HK\$34,111,000) and earnings per share was 0.54 cents (2001: loss per share of 1.35 cents).

We had continued our effort in developing the business of sale and distribution of green energy. During the period, green energy business accounted for 57% of the Group's turnover and electronic business shared the remaining 43%. We expect that the share of green energy to the Group's business will be increasing progressively.

Green Energy Business

The joint venture business in north-eastern region of China under Daqing Longyou Green Energy Limited ("Daqing Longyou") was operating smoothly. Daqing, Qiqihaer and Shenyang were established as the focal points for expansion of the Group's end-user distribution networks for the sale and distribution of domestic-use and vehicle-use Liquefied Petroleum Gas ("LPG") in the north-eastern region. Currently, we operate three LPG refuelling stations for vehicles in Daqing and Qiqihaer. The pace of vehicle conversion to use LPG was satisfactory. Through Daqing Longyou, the Group's LPG wholesaling business has been expanded to various markets in Beijing, Hubei, Jilin, Heilongjiang and the Liaoning province. Overall business performance was encouraging as the number of customers was increasing steadily.

The business in the south-western region was progressing in accordance to our plan. In April, 2002, the Group finalized the contract for operation of the LPG refueling station at East Station of Guilin city with 中國石油天然氣第六建設公司, assets of the station including facilities, equipments, site, transportation fleet and metallic bottles were also leased by the Group. At present, the Group operates LPG retail outlets in Wuzhou and Guilin for the sale of bottled LPG to local consumers for domestic use. The number of customer accounts had been increasing satisfactory during the period.

Our current business focus is on the LPG distribution for public vehicles through operation of refueling stations and for domestic and commercial consumers through sale and distribution of bottled LPG. We are confident to penetrate into the market due to the economic and social effectiveness of using LPG. Using LPG enjoys more than 25% costs reduction as compared to using petrol and it also contributes to environmental protection.

Electronic Business

During the period, we continued to implement production cost control measures. New models of electronic audio devices and home appliances were launched to the market. The “Huabao” brand for electronic and home appliances products have been well-received in China’s domestic retail market. Sales to overseas European markets had sustained stable growth. The Group’s electronic business had successfully been turnaround during the period and is now on a healthy track.

Business Prospects

Looking forward, the Group will continue to strengthen its electronic business while actively continue its penetration into the LPG market in the PRC with an intention to enlarge the latter’s proportion amongst the Group’s overall business mix. The latest investments in green energy business were financed by internal resources of the Group. The Group’s strategy of re-investing profits on recurring basis has gradually increased its market share and its green energy business has expanded to Cangwu and Lipu in Guangxi area. The Directors strongly believe, with the above re-engineering moves, the profitability of the Group is expected to further improve in near future.

LIQUIDITY AND FINANCIAL REVIEW

Turnover of the Group was HK\$163,334,000 , being 5.4 times of corresponding period in prior year (2001: HK\$30,193,000). Green energy and electronic business share respectively 57% and 43% of the Group’s overall business. During the period, net profit was HK\$ 17,146,000 (2001: loss of HK\$34,111,000) and earnings per share was 0.54 cents (2001: loss per share of 1.35 cents). The growth in turnover and net profit has revealed that the Group has successfully established green energy business as one of its core business.

At the period end, current ratio was 1.5:1, quick ratio was 1.3:1. Bank balances and cash amounted to HK\$8,643,000. Gearing ratio was 25% which was calculated based on total liabilities of HK\$38,657,000 and total assets of HK\$154,699,000 .

HUMAN RESOURCES

As at 31st March, 2002, the Group employed approximately 400 employees in Hong Kong and mainland China. The Group remunerated the employees based on their performance, experience and prevailing market practices.

DIRECTORS' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

(i) Shares

At 31st March, 2002, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) were as follows:

Name of director	Note	Number of shares			
		Personal interests	Corporate interests	Family interests	Other interests
Shum Siu Hung	1	—	1,133,544,000	—	—
Tong Shiu Ming	2	—	—	1,133,544,000	—
Cen Ziniu	1	—	—	—	11,335,440
Wu Hong Cho	1	—	—	—	56,677,200
Cheng Wai Leung		120,000	—	—	—
Chan Yee Hoi		—	—	—	—
Cheung Kwan Hung, Anthony		—	—	—	—
Young Wing Chun, Michael Frederick		—	—	—	—

Notes:

- These shares refer to the 1,133,544,000 shares of the Company held by Uniocean Investments Limited (“Uniocean”). Uniocean is owned as to 48.11% by Shum Siu Hung, 45.89% by Shum Siu Mau (brother of Shum Siu Hung) through his interest in Perfect Pacific Limited, 5% by Wu Hong Cho and 1% by Cen Ziniu.
- These shares were deemed to be interested by Tong Shiu Ming, spouse of Shum Siu Hung, as family interests.

(ii) Options

At 31st March, 2002, the directors had personal interests in share options to subscribe for shares in the Company pursuant to the Company's share option scheme as follows:

Name of directors	Date of Grant (dd/mm/yy)	Outstanding at 01.10.2001	Granted during the period	Outstanding at 31.03.2002	Exercise price per share (HK\$)	Exercisable period (dd/mm/yy)
Shum Siu Hung	03.03.2000	35,000,000	—	35,000,000	0.180	04.09.2000-02.09.2005
	04.03.2002	—	30,000,000	30,000,000	0.130	15.09.2002-14.09.2007
Tong Shiu Ming	20.06.2001	35,000,000	—	35,000,000	0.100	21.12.2001-20.12.2006
Cen Ziniu	03.03.2000	30,000,000	—	30,000,000	0.180	04.09.2000-02.09.2005
	04.03.2002	—	30,000,000	30,000,000	0.130	15.09.2002-14.09.2007
Wu Hong Cho	03.03.2000	15,000,000	—	15,000,000	0.180	04.09.2000-02.09.2005
	20.06.2001	20,000,000	—	20,000,000	0.100	21.12.2001-20.12.2006
Cheng Wai Leung	20.06.2000	3,000,000	—	3,000,000	0.112	21.12.2000-20.12.2005
	20.06.2001	40,000,000	—	40,000,000	0.100	21.12.2001-20.12.2006

Save as disclosed above and other than nominee shares in certain subsidiaries held by certain directors in trust for the Group, neither the directors nor the chief executives nor any of their respective associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and neither the directors nor the chief executives nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above under the heading "Directors' Interests in Shares and Rights to Acquire Shares", the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10% or more in the issued share capital of the Company as at 31st March, 2002.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31st March, 2002.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the unaudited interim financial statements for the six months ended 31st March, 2002.

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 31st March, 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited ("Stock Exchange").

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

Information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange (www.hkex.com.hk) in due course.

By order of the Board
Shum Siu Hung
Chairman

Hong Kong, 23rd May, 2002