



世界（集團）有限公司
World Houseware (Holdings) Limited
(Incorporated in the Cayman Islands with limited liability)

2002
Interim Report



RESULTS

The Board of Directors (the “Board”) of World Houseware (Holdings) Limited (“Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2002 together with the comparative figures for the corresponding period in 2001.

CONDENSED CONSOLIDATED INCOME STATEMENT

For The Six Months Ended 30 June 2002

	NOTES	1.1.2002 to 30.6.2002 HK\$'000 (Unaudited)	1.1.2001 to 30.6.2001 HK\$'000 (Unaudited)
Turnover	3	330,924	313,405
Cost of sales		<u>(262,816)</u>	<u>(254,474)</u>
Gross profit		68,108	58,931
Other operating income		2,753	359
Distribution costs		<u>(5,127)</u>	<u>(5,973)</u>
Administrative expenses		<u>(36,560)</u>	<u>(31,596)</u>
Profit from operations	3	29,174	21,721
Finance costs	4	<u>(2,770)</u>	<u>(5,519)</u>
Profit before taxation	5	26,404	16,202
Taxation	6	<u>(2,511)</u>	<u>(972)</u>
Profit for the period		<u>23,893</u>	<u>15,230</u>
Dividend	7	<u>3,382</u>	<u>3,382</u>
Earnings per share	8		
Basic		<u>3.5 cents</u>	<u>2.3 cents</u>
Diluted		<u>N/A</u>	<u>2.0 cents</u>



CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2002

	NOTES	30.6.2002 HK\$'000 (Unaudited)	31.12.2001 HK\$'000 (Audited)
Non-current assets			
Investment properties	9	17,530	17,530
Other properties, plant and equipment	10	645,847	628,174
		<u>663,377</u>	<u>645,704</u>
Current assets			
Inventories		135,887	118,355
Debtors, deposits and prepayments	11	123,205	109,560
Trading securities	12	5,702	5,914
Taxation recoverable		1,004	1,018
Bank balances and cash		52,861	77,655
		<u>318,659</u>	<u>312,502</u>
Current liabilities			
Creditors and accrued charges	13	116,916	107,470
Taxation payable		1,605	1,713
Bank borrowings — amount due within one year		94,874	117,159
		<u>213,395</u>	<u>226,342</u>
Net current assets			
		<u>105,264</u>	<u>86,160</u>
		<u>768,641</u>	<u>731,864</u>
Non-current liabilities			
Bank borrowings — amount due after one year		31,579	19,276
Other balance payable		—	3,159
Deferred taxation		3,400	2,546
		<u>34,979</u>	<u>24,981</u>
		<u>733,662</u>	<u>706,883</u>
Capital and reserves			
Share capital	14	67,642	67,642
Reserves		666,020	639,241
		<u>733,662</u>	<u>706,883</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Six Months Ended 30 June 2002



	Reserves							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Non- distributable reserve HK\$'000	Translation reserve HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Sub- total HK\$'000	
Balance at 1 January 2001	67,214	312,904	112,806	291	3,361	179,531	608,893	676,107
Profit for the six months ended 30 June 2001	—	—	—	—	—	15,230	15,230	15,230
2000 final dividend paid	—	—	—	—	(2,710)	—	(2,710)	(2,710)
— in cash	—	—	—	—	(2,710)	—	(2,710)	(2,710)
— in shares	428	223	—	—	(651)	—	(428)	—
2001 interim dividend declared	—	—	—	—	3,382	(3,382)	—	—
Balance at 30 June 2001	67,642	313,127	112,806	291	3,382	191,379	620,985	688,627
Capitalisation of retained profits by a subsidiary	—	—	75,548	—	—	(75,548)	—	—
Profit for the six months ended 31 December 2001	—	—	—	—	—	21,638	21,638	21,638
2001 interim dividend paid in cash	—	—	—	—	(3,382)	—	(3,382)	(3,382)
2001 final dividend declared	—	—	—	—	3,382	(3,382)	—	—
Balance at 31 December 2001	67,642	313,127	188,354	291	3,382	134,087	639,241	706,883
Exchange differences arising from translation of overseas operations and net gains not recognised in the income statement	—	—	—	6,268	—	—	6,268	6,268
Profit for the six months ended 30 June 2002	—	—	—	—	—	23,893	23,893	23,893
2001 final dividend paid in cash	—	—	—	—	(3,382)	—	(3,382)	(3,382)
2002 interim dividend declared	—	—	—	—	3,382	(3,382)	—	—
Balance at 30 June 2002	<u>67,642</u>	<u>313,127</u>	<u>188,354</u>	<u>6,559</u>	<u>3,382</u>	<u>154,598</u>	<u>666,020</u>	<u>733,662</u>

The non-distributable reserve of the Group arose as a result of capitalisation of retained profits by subsidiaries.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For The Six Months Ended 30 June 2002

	1.1.2002 to 30.6.2002 <i>HK\$'000</i> (Unaudited)	1.1.2001 to 30.6.2001 <i>HK\$'000</i> (Unaudited)
Net cash inflow from operating activities	28,333	25,894
Net cash outflow from investing activities	(37,106)	(16,197)
Net cash (outflow) inflow from financing activities	<u>(13,625)</u>	<u>12,003</u>
(Decrease) increase in cash and cash equivalents	(22,398)	21,700
Cash and cash equivalents at the beginning of the period	51,057	9,286
Effect of foreign exchange rate changes	<u>446</u>	<u>—</u>
Cash and cash equivalents at the end of the period	<u>29,105</u>	<u>30,986</u>

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1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

2. ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and trading securities.

The accounting policies adopted are consistent with those followed in the Group's annual audited financial statements for the year ended 31 December 2001, except for the adoption of a number of new and revised SSAPs which became effective in the current period. The adoption of these SSAPs has resulted in a change in the presentation of the cash flow statement and the statement of changes in equity, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment is necessary.

3. TURNOVER AND PROFIT FROM OPERATIONS

Business segments

The Group is organised into two divisions: household products and PVC pipes and fittings. The turnover and results of a former third division, comprising trading in building materials and supplies, other than PVC pipes and fittings, are insignificant in the current and prior accounting periods and are, therefore, included in PVC pipes and fittings for presentation purposes.



The Group's turnover and contribution to profit (loss) from operations analysed by business segments are as follows:

	Turnover		Profit (loss) from operations	
	1.1.2002 to 30.6.2002 HK\$'000	1.1.2001 to 30.6.2001 HK\$'000	1.1.2002 to 30.6.2002 HK\$'000	1.1.2001 to 30.6.2001 HK\$'000
Sales of household products	231,709	231,646	18,180	20,564
Sales of PVC pipes and fittings	99,215	81,759	11,126	2,768
	330,924	313,405	29,306	23,332
Dividend income from trading securities			80	111
Unrealised holding loss on trading securities			(212)	(1,722)
			29,174	21,721

Geographical segment

An analysis of the Group's sales of household products by geographical market is as follows:

	Turnover	
	1.1.2002 to 30.6.2002 HK\$'000	1.1.2001 to 30.6.2001 HK\$'000
United States of America	152,092	153,033
Asia	51,710	50,323
Canada	11,924	8,121
Latin America	7,476	9,241
Europe	6,884	6,465
Australia	1,050	3,532
Other areas	573	931
Total sales of household products	231,709	231,646

An analysis of contribution by geographical market has not been presented in respect of household products as, in the opinion of the directors, the contribution to operating profit from each geographical market is substantially in proportion to its share of the Group's turnover.



Substantially all of the sales of the Group's PVC pipes and fittings were made to customers in the People's Republic of China (the "PRC").

4. FINANCE COSTS

	1.1.2002 to 30.6.2002 HK\$'000	1.1.2001 to 30.6.2001 HK\$'000
Interest on bank borrowings	2,802	4,589
Interest on convertible redeemable note	—	1,213
	<u>2,802</u>	<u>5,802</u>
Less: Amount capitalised in buildings under construction	(32)	(283)
	<u>2,770</u>	<u>5,519</u>

5. PROFIT BEFORE TAXATION

	1.1.2002 to 30.6.2002 HK\$'000	1.1.2001 to 30.6.2001 HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation	22,859	23,046
Unrealised holding loss on trading securities	212	1,722
and after crediting:		
Interest income	183	98
Dividend income from trading securities	80	111
Rental income	494	177



6. TAXATION

	1.1.2002 to 30.6.2002 HK\$'000	1.1.2001 to 30.6.2001 HK\$'000
Hong Kong Profits Tax calculated at 16% on the estimated assessable profits for the period	—	82
Non Hong Kong taxation		
— charge for the period	1,657	2,842
— overprovision in prior years	—	(1,551)
	<u>1,657</u>	<u>1,373</u>
Deferred taxation charge (credit)	854	(401)
	<u>2,511</u>	<u>972</u>

Non Hong Kong taxation represents income tax calculated on income derived from other parts of the PRC outside Hong Kong.

7. DIVIDEND

During the six months ended 30 June 2002, a final dividend of 0.5 cent per share in respect of the year ended 31 December 2001 was approved at the annual general meeting held on 28 May 2002 and subsequently paid to the shareholders.

On 9 September 2002, the directors resolved to declare an interim dividend of 0.5 cent per share in respect of the six months ended 30 June 2002 (1.1.2001 to 30.6.2001: 0.5 cent per share) to be satisfied in cash to those shareholders whose names appear on the Company's register of members on 7 October 2002.



8. EARNINGS PER SHARE

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

	1.1.2002 to 30.6.2002	1.1.2001 to 30.6.2001
	HK\$'000	HK\$'000
Earnings for the purpose of calculating basic earnings per share	<u>23,893</u>	15,230
Interest on a convertible redeemable note		<u>1,213</u>
Earnings for the purpose of calculating diluted earnings per share		<u>16,443</u>
	1.1.2002 to 30.6.2002	1.1.2001 to 30.6.2001
Weighted average number of shares for the purpose of calculating basic earnings per share	<u>676,417,401</u>	672,422,407
Potential dilutive shares issuable under a convertible redeemable note		<u>132,000,000</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share		<u>804,422,407</u>

In calculating diluted earnings per share, the exercise of the Company's outstanding share options has not been taken into consideration as the exercise price of those options of HK\$0.32 per share was higher than the average market price of the Company's shares throughout the period.

9. INVESTMENT PROPERTIES

The Group's investment properties are stated at revalued amounts based on an external professional valuation as at 31 December 2001 on an open market value basis. The directors consider that there has been no significant change in valuation and have adopted the same valuation for 30 June 2002.

10. OTHER PROPERTIES, PLANT AND EQUIPMENT

During the period, additions to other properties, plant and equipment totalled approximately HK\$37,218,000 (1.1.2001 to 31.12.2001: HK\$41,210,000), including interest capitalised in buildings under construction of HK\$32,000 (1.1.2001 to 31.12.2001: HK\$390,000).



11. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows credit periods of up to 180 days, depending on the product sold, to its trade customers.

The following is an aged analysis of the Group's trade receivables at the report date:

	30.6.2002 HK\$'000	31.12.2001 HK\$'000
Invoice date		
0 — 30 days	45,754	49,185
31 — 60 days	17,391	15,114
61 — 90 days	13,556	10,807
Over 90 days	16,378	12,862
Total trade receivables	93,079	87,968
Other debtors, deposits and prepayments	30,126	21,592
Total debtors, deposits and prepayments	123,205	109,560

12. TRADING SECURITIES

Trading securities comprise equity shares listed on The Stock Exchange of Hong Kong Limited and are carried at market value at the balance sheet date.

There was no change in the Group's holding of trading securities in the six months ended 30 June 2002. The change in valuation represents an unrealised holding loss due to the decline in the market value of the shares held.

13. CREDITORS AND ACCRUED CHARGES

The following is an aged analysis of the Group's trade payables at the report date:

	30.6.2002 HK\$'000	31.12.2001 HK\$'000
0 — 30 days	40,910	34,644
31 — 60 days	21,944	18,906
61 — 90 days	14,128	12,121
Over 90 days	3,796	4,780
Total trade payables	80,778	70,451
Other creditors and accrued charges	36,138	37,019
Total creditors and accrued charges	116,916	107,470



14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Issued and fully paid share capital HK\$'000
Balance at 1 January 2001	672,138,739	67,214
Shares issued to shareholders in lieu of the 2000 final dividend, issued at HK\$0.1523 per share	4,278,662	428
Balance at 31 December 2001 and 30 June 2002	<u>676,417,401</u>	<u>67,642</u>

The authorised share capital of the Company is HK\$150 million, comprising 1,500,000,000 shares of HK\$0.10 each.

15. CAPITAL COMMITMENTS

	30.6.2002 HK\$'000	31.12.2001 HK\$'000
Capital expenditure contracted for but not provided in the financial statements		
— leasehold land and building	18,827	18,601
— plant and equipment	9,817	2,763
— investment in a joint venture	388	388
	<u>29,032</u>	<u>21,752</u>
Capital expenditure authorised but not contracted for in respect of the acquisition of plant and machinery	—	11,215

16. CONTINGENT LIABILITIES

	30.6.2002 HK\$'000	31.12.2001 HK\$'000
Bills discounted with recourse	<u>5,846</u>	<u>884</u>



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**Deloitte
Touche
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INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF WORLD HOUSEWARE (HOLDINGS) LIMITED

世界（集團）有限公司

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have been instructed by World Houseware (Holdings) Limited (the “Company”) to review the interim financial report set out on pages 1 to 11.

DIRECTORS’ RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports” issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently



applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

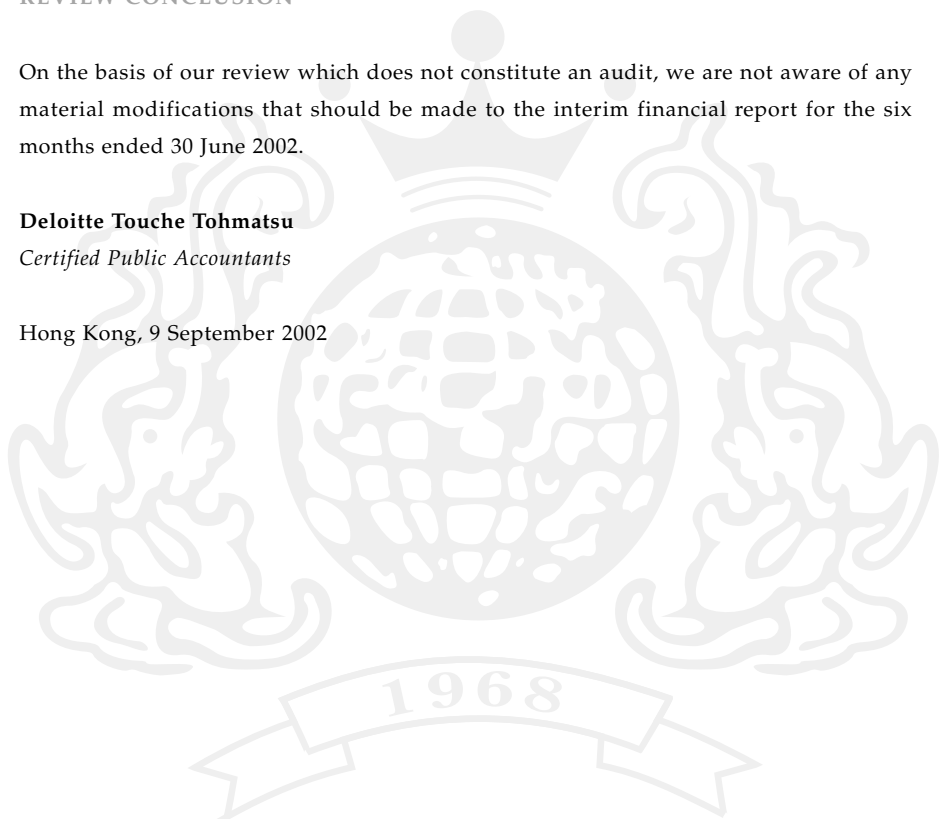
REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2002.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 9 September 2002





INTERIM DIVIDEND

The directors have resolved to declare an interim dividend of 0.5 cent per share in respect of the six months ended 30 June 2002 (1.1.2001 to 30.6.2001: 0.5 cent per share) payable to shareholders whose names appear on the Company's register of members on 7 October 2002.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 3 October 2002 to 7 October 2002, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Secretaries Limited of 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on 2 October 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS AND FINANCIAL REVIEW

For the period under review, the Group's turnover increased by HK\$17,519,000. The increase was mainly attributable to the strong sales performance of PVC pipes and fittings products during the period. The turnover of household products was flat when compared with the same period last year. On geographical basis, United States of America and Asia remained the dominant markets to the Group, which accounted for 46% and 45 % of the Group's turnover respectively.

Following the PRC's accession into the World Trade Organization, there was a sustained and rapid growth in demand of building materials for construction of roads, accommodations, and transportation related facilities in the PRC. In consequence, the Group recorded a turnover of PVC pipes and fittings of HK\$99,215,000, representing an increase of 21% compared with the same period last year (1.1.2001 to 30.6.2001: HK\$81,759,000).



The Group's gross profit and gross profit margin amounted to HK\$68,108,000 and 21% respectively during the period (1.1.2001 to 30.6.2001: HK\$58,931,000 and 19% respectively). The increase was mainly attributable to the increase in profit margin of PVC pipes and fittings products, particularly on uPVC pipes and building materials products.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Basically, the Group's working capital requirement has been financed by its bank borrowings and internal generated funds. Total banking facilities available to the Group as at 30 June 2002 amounted to HK\$468,150,000; of which HK\$126,453,000 of the banking facilities was utilized (utilization rate was at 27%). The Group's borrowings were mainly in Hong Kong Dollars and Renminbi. Overdraft and term loans facilities were granted to the Group at the normal market interest rates.

The Group's conducts its business transactions principally in Hong Kong Dollars, US Dollars and Renminbi, it is normally unnecessary to make use of financial instruments for hedging purposes.

Total shareholders' funds of the Group as at 30 June 2002 increased by 4% to HK\$733,662,000 (31.12.2001: HK\$ 706,883,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2002 was 0.34 (31.12.2001: 0.36).

PROSPECTS

The recovery of the major economies is still progressing at a slow pace and overseas buyers are conservative in placing orders. Thus, the Group's turnover on household products was facing great challenges. In views of such unfavorable economic environments, the Board intends to implement a number of proactive strategies to develop high value-added products, explore new markets with sound potential, implement stringent cost control and seek to effectively allocate human resources so as to strengthen the price competitiveness to secure the market share and seize the opportunity for a better return in the second half year of 2002.



The Group's major subsidiary company, Nam Sok Building Material & Plastic Products (Shenzhen) Co., Ltd., principally a PVC pipes and fittings manufacturer, has been well positioning in the PRC market due to its excellent quality and competitive prices as well as the extensive sales network. The turnover and profit margin of PVC pipes and fittings recorded a significant increase during the period. The Group will continue to further improve its efficiency and concentrate to explore the sound and potential PRC market. Looking ahead, barring unforeseen circumstances, the Board expects a bright future in the second half year of 2002 and thus better return to the shareholders.

CHARGES ON ASSETS

Certain leasehold land and buildings and investment properties with an aggregate net book value of HK\$132,300,000 were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2002, the Group employed a total workforce of about 5,000 (30.6.2001:4,000) including 250 permanent staff and 4,750 contracted staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$39,780,000 (30.6.2001: HK\$35,270,000). It is our Group policy to review its employee's pay levels and performance bonus system regularly to ensure that the remuneration policy is competitive within the relevant industries.

It is the Group's policy to encourage its subsidiaries to send the management and staff to attend training classes or seminars that related to the Group's business. Tailor made internal training program was also provided to staff in our PRC factories.

DIRECTORS' INTERESTS IN SHARES

At 30 June 2002, the interests of the Company's directors, chief executive and their respective associates (as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) in the shares of the Company or its associated corporations



(within the meaning of the SDI Ordinance) as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

Name of director	Number of shares			
	Personal interests	Family interests	Corporate interests	Other interests
Lee Tat Hing	1,756,072	37,395,087 (a)	28,712,551 (e)	280,895,630 (f)
Fung Mei Po	37,395,087	30,468,623 (b)	—	280,895,630 (f)
Lee Chun Sing	21,815,830	240,000 (c)	—	280,895,630 (f)
Lai Lai Wah	240,000	21,815,830 (d)	—	—
Lee Pak Tung	2,766,448	—	—	—
Wat Kwing Cheung, Alexander	228,000	—	—	—
Cheung Tze Man, Edward	—	—	—	—
Wong Kong Chi	—	—	—	—

Notes:

- (a) Mr. Lee Tat Hing is the husband of Madam Fung Mei Po whose personal interests are therefore also the family interests of Mr. Lee Tat Hing.
- (b) Madam Fung Mei Po is the wife of Mr. Lee Tat Hing whose personal and corporate interests are therefore also the family interests of Madam Fung Mei Po.
- (c) Mr. Lee Chun Sing is the husband of Madam Lai Lai Wah whose personal interests are therefore also the family interests of Mr. Lee Chun Sing.
- (d) Madam Lai Lai Wah is the wife of Mr. Lee Chun Sing whose personal interests are therefore also the family interests of Madam Lai Lai Wah.
- (e) These shares are held by Lees International Investments Limited, a company beneficially owned by Mr. Lee Tat Hing.
- (f) These shares are held by Goldhill Profits Limited which is wholly owned by a discretionary trust of which Messrs. Lee Tat Hing and Lee Chun Sing and Madam Fung Mei Po are discretionary objects.



At 30 June 2002, the following directors had personal interests in the deferred non-voting shares of certain subsidiaries of the Company:

Name of director	Name of subsidiary	Number of deferred non-voting shares held
Lee Tat Hing	World Houseware Producing Company Limited	1,555
Fung Mei Po	World Home Linen Manufacturing Company Limited	100
Lee Pak Tung	World Houseware Producing Company Limited	50
	Hong Kong PVC Placemat Manufacturing Company Limited	25,000
Wat Kwing Cheung, Alexander	Hong Kong PVC Placemat Manufacturing Company Limited	75,000
	World Houseware Producing (China) Company Limited	500,000

The deferred shares do not carry any rights to vote at general meetings of these subsidiaries or to participate in any distributions of profits until the net profits of these subsidiaries which are available for dividend exceed HK\$10 billion, or to receive a return of capital until a total sum of HK\$10 billion has been distributed to the ordinary shareholders of each of these subsidiaries.

At 30 June 2002, save as aforesaid and other than certain nominee shares in subsidiaries held by directors in trust for the Group, none of the directors or their associates had any interests in the shares or any securities of the Company and its associated corporations as defined in the SDI Ordinance.



SUBSTANTIAL SHAREHOLDERS

Other than the interests in shares disclosed above in respect of the directors of the Company, the Company has not been notified of any other interests representing 10 per cent or more of the Company's issued shares as at 30 June 2002.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

On 19 February 2000, options were granted to the following directors of the Company to subscribe for shares in the Company at an exercise price of HK\$0.32 per share:

Name of director	Number of shares for which options have been granted
Lee Tat Hing	860,000
Fung Mei Po	800,000
Lee Chun Sing	800,000
Lai Lai Wah	500,000

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors 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 and none of the directors, chief executive, their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised such rights during the period.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period.



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 during the six months ended 30 June 2002, 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. The unaudited interim financial statements have also been reviewed by the Company's external independent auditors.

By order of the Board

Lee Tat Hing

Chairman and Managing Director

Hong Kong, 9 September 2002

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