



TITAN (HOLDINGS) LIMITED

Interim Report 2002



The board of directors (the “Board” or “Directors”) of Titan (Holdings) Limited (formerly known as Gemzboh Holdings Limited) (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2002 (the “Period”). The unaudited consolidated results had been reviewed by the Company’s audit committee (the “Audit Committee”).

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended 30 June	
	<i>Notes</i>	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
TURNOVER	2	68,962	71,242
Cost of sales		(58,397)	(59,403)
Gross profit		10,565	11,839
Other revenue		926	1,062
Selling and distribution expenses		(4,283)	(6,126)
Administrative expenses		(4,913)	(4,512)
Other operating expenses		(202)	(400)
PROFIT FROM OPERATING ACTIVITIES	4	2,093	1,863
Finance costs	5	(1,084)	(1,031)
PROFIT BEFORE TAX		1,009	832
Tax	6	(347)	–
PROFIT BEFORE MINORITY INTERESTS		662	832
Minority interests		(769)	–
NET (LOSS)/PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(107)	832
DIVIDENDS	7	Nil	Nil
(LOSS)/EARNINGS PER SHARE – Basic	8	(HK0.004 cent)	HK0.033 cent

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Fixed asset revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2002 (Audited)	30,015	56,171	18,261	6,635	28,872	139,954
Share options exercised	200	2,460	-	-	-	2,660
Net loss for the Period	-	-	-	-	(107)	(107)
At 30 June 2002 (Unaudited)	<u>30,215</u>	<u>58,631</u>	<u>18,261</u>	<u>6,635</u>	<u>28,765</u>	<u>142,507</u>

	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Fixed asset revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2001 (Audited)	25,015	41,771	18,261	7,085	40,094	132,226
Issue of new shares	5,000	15,000	-	-	-	20,000
Share issue expenses	-	(600)	-	-	-	(600)
Net profit for the period	-	-	-	-	832	832
At 30 June 2001 (Unaudited)	<u>30,015</u>	<u>56,171</u>	<u>18,261</u>	<u>7,085</u>	<u>40,926</u>	<u>152,458</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
<i>Notes</i>		
NON-CURRENT ASSETS		
Fixed assets	29,745	30,900
Investment property	3,300	3,300
	33,045	34,200
CURRENT ASSETS		
Prepayments, deposits and other receivables	19,310	17,487
Inventories	46,685	41,570
Trade receivables	47,526	39,428
Cash and cash equivalents	45,351	42,621
	158,872	141,106
CURRENT LIABILITIES		
Interest-bearing bank loans	41,379	29,693
Trade payables	1,827	2,313
Other payables and accruals	4,364	2,533
Tax payables	355	8
	47,925	34,547
NET CURRENT ASSETS	110,947	106,559
TOTAL ASSETS LESS CURRENT LIABILITIES	143,992	140,759
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	716	805
MINORITY INTERESTS	769	–
	142,507	139,954
CAPITAL AND RESERVES		
Issued capital	30,215	30,015
Reserves	112,292	109,939
	142,507	139,954

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) Restated HK\$'000
Net cash outflow from operating activities	(10,618)	(4,173)
Net cash outflow from investing activities	(909)	(241)
Net cash inflow from financing activities	861	21,449
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(10,666)	17,035
Cash and cash equivalents at beginning of period	42,621	31,725
CASH AND CASH EQUIVALENTS AT END OF PERIOD	31,955	48,760
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	41,351	48,760
Time deposits with original maturity of less than three months when acquired	4,000	–
Trust receipt loans with original maturity of less than three months when acquired	(13,031)	–
Bank overdrafts	(365)	–
	31,955	48,760

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2002

1. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the Period of the Group have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 2.125 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA").

The accounting policies adopted in the preparation of these unaudited condensed interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 December 2001 except for the adoption of the following new and revised SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 2.101 (Revised) prescribes the basis of presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The main revision to SSAP 2.101 is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed consolidated statement of changes in equity for the Period and the comparative figures have been presented in accordance with SSAP 2.101 (Revised).

SSAP 2.111 (Revised) prescribes the basis for translation of foreign currency transactions and financial statements. SSAP 2.111 (Revised) has had no major impact on these condensed consolidated financial statements.

SSAP 2.115 (Revised) prescribes the provision of information about the historical changes in cash and cash equivalents by means of a cash flow statement which classifies cash flows during the period into operating, investing and financing activities. The condensed consolidated cash flow statement for the Period and the comparative figures have been presented in accordance with SSAP 2.115 (Revised).

SSAP 2.133 prescribes the basis for the reporting information about discontinuing and discontinued operations, SSAP 2.133 has had no major impact on these condensed consolidated financial statements.

SSAP 2.134 prescribes the accounting treatment and disclosure for employee benefits. SSAP 2.134 has had no major impact on these condensed consolidated financial statements.

2. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the Period. All significant transactions among the companies comprising the Group have been eliminated on consolidation.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats:

- (i) on a primary segment reporting basis, by business segment; and
- (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of other business segments.

In determining the Group's geographical segments, revenue is attributed to the segments based on the location of the customers.

(a) Business segments

The following table presents revenue and results for the Group's business segments:

	Manufacture and sale of apparel		Trading of petroleum oil		Unallocated		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	67,457	71,242	1,505	-	-	-	68,962	71,242
Segment results	2,336	801	34	-	(1,203)	-	1,167	801
Unallocated revenue							926	1,062
Profit from operating activities							2,093	1,863
Finance costs							(1,084)	(1,031)
Profit before tax							1,009	832
Tax							(347)	-
Profit before minority interests							662	832
Minority interests							(769)	-
Net (loss)/profit from ordinary activities attributable to shareholders							(107)	832

(b) Geographical segments

The following table presents revenue and results for the Group's geographical segments:

	United States of America (the "US")		People's Republic of China (the "PRC")		Unallocated		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2002	2001	2002	2001	2002	2001	2002	2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	25,975	-	42,987	71,242	-	-	68,962	71,242
Segment results	3,285	-	(915)	801	(1,203)	-	1,167	801

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	Six months ended 30 June	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Cost of inventories sold	58,397	59,403
Depreciation	2,064	1,697
Interest income	(786)	(1,062)

5. FINANCE COSTS

	Six months ended 30 June	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	1,084	1,001
Interest on a finance lease	–	30
	<u>1,084</u>	<u>1,031</u>

6. TAX

	Six months ended 30 June	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Current period provision: Hong Kong	<u>347</u>	<u>–</u>

Hong Kong profits tax had been provided at the rate of 16% (2001: Nil) on the estimated assessable profits arising in Hong Kong during the Period. Taxes on profits assessable elsewhere had been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for deferred tax had been made as the Group did not have any significant unprovided deferred tax liabilities in respect of the Period (2001: Nil).

7. DIVIDENDS

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 June 2002 (2001: Nil).

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share for the Period is based on the net loss from ordinary activities attributable to shareholders for the Period of approximately HK\$107,000 (2001: net profit of HK\$832,000) and the weighted average number of 3,013,433,702 (2001: 2,526,361,878) ordinary shares in issue during the Period.

Diluted loss per share for the Period has not been disclosed as the share options outstanding during the Period had an anti-dilutive effect on the basic loss per share for the Period.

No diluted earnings per share is presented for the six months ended 30 June 2001 as the Company did not have any dilutive potential ordinary shares.

9. TRADE RECEIVABLES

The Group normally allows credit terms to well-established customers ranging from 90 to 120 days.

An aging analysis of the trade receivables, net of provisions, as at the balance sheet date, based on the date of recognition of the sale, is as follows:

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
1 – 3 months	36,377	32,021
4 – 6 months	7,803	5,503
7 – 12 months	3,346	1,904
	47,526	39,428

10. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers. All trade payables as at 30 June 2002 and 31 December 2001 were aged less than 90 days from the date of receipt of goods purchased.

11. ISSUED CAPITAL

The following is a summary of the authorised share capital and the movements in the issued share capital of the Company:

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	100,000	100,000
Issued and fully paid:		
3,021,500,000 (31 December 2001: 3,001,500,000) ordinary shares of HK\$0.01 each	30,215	30,015
	Number of issued shares	Par value
	'000	HK\$'000
Issued share capital as at 1 January 2002 (Audited)	3,001,500	30,015
Exercise of share options	20,000	200
Share capital as at 30 June 2002 (Unaudited)	3,021,500	30,215

12. RELATED PARTY TRANSACTIONS

As at 30 June 2002, certain of the Group's banking facilities were secured by a personal guarantee given by a director of the Company and certain properties situated in the PRC jointly held by certain directors of the Group and certain independent third parties.

13. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the balance sheet date.

At 30 June 2002, the banking facilities granted to certain subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK\$14,276,000 (31 December 2001: HK\$3,023,000).

14. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leased its investment property under an operating lease arrangement for a term of four years.

At 30 June 2002, the Group had total future lease receivables under non-cancellable operating lease with its tenant falling due as follows:

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
Within one year	–	140
In the second to fifth years, inclusive	–	–
	<hr/>	<hr/>
	–	140
	<hr/>	<hr/>

(b) As lessee

The Group leases certain leasehold land and buildings under operating lease arrangements. The original lease terms for these leasehold land and buildings range from one to five years.

At 30 June 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
Within one year	1,681	2,013
In the second to fifth years, inclusive	277	1,075
	1,958	3,088

15. SUBSEQUENT EVENTS

- (i) On 25 June 2002, the Company entered into a placing agreement for placement of 515,000,000 ordinary shares in the Company of HK\$0.01 each at a price of HK\$0.27 per share to certain independent investors. The placement was completed on 12 July 2002 and proceeds of approximately HK\$137,570,000, net of expenses, were raised by the Company.
- (ii) On 25 July 2002, the Group entered into the Memorandum of Agreement with an independent third party to acquire a shipping vessel tanker with dead-weight tonnage of 273,941 tonnes for a consideration of US\$7,200,000 (equivalent to approximately HK\$56,160,000). The transaction was completed on 2 August 2002.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the Period's presentation.

CHANGE OF COMPANY'S CONTROLLING SHAREHOLDER AND ITS BACKGROUND

In May, Titan Oil Pte. Ltd. ("Titan Oil"), through its wholly-owned subsidiary, Great Logistics Holdings Limited ("Great Logistics"), acquired approximately 60% shareholding interest in the Company. Titan Oil, a company incorporated in Singapore and founded by Mr. Tsoi Tin Chun, is an Approved Oil Trader as conferred by the Trade Development Board of Singapore. Its core businesses encompass of global oil trading, storage, blending, transportation, bunkering and other oil related services in the supply chain of the oil industry.

Mr. Tsoi Tin Chun is now the chairman and managing director of the Company and is responsible for strategic planning and corporate development of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the Period, the principal activity of the Group continued to be manufacturing and sale of casual wear. Besides, the Group continued to explore the oil trading business.

The Group's turnover for the Period, which is mainly derived from the manufacturing and sale of apparel, was approximately HK\$69 million, representing a slight decrease of approximately 3% as compared with the same period of last year. During the Period, the Group had reduced the selling price of its products to maintain its competitiveness and market share in the casual wear retail market in the PRC. Accordingly, the Group's gross profit margin had decreased to approximately 15% from 17% in the same period of last year. During the Period, the Group had recorded a net loss attributable to shareholders of approximately HK\$107,000 as compared with a net profit of approximately HK\$832,000 in the same period of last year.

LIQUIDITY AND FINANCIAL RESOURCES

At 30 June 2002, the Group had interest-bearing bank borrowings of approximately HK\$42 million (31 December 2001: HK\$30 million), of which approximately HK\$28 million was fixed-interest bearing and denominated in Renminbi, and the remainder was floating-interest bearing and denominated in Hong Kong dollars. Approximately HK\$41 million of the Group's bank borrowings as at 30 June 2002 had maturity within one year. The directors expect that the bank borrowings denominated in Renminbi, which were obtained in the PRC, will be either renewed or rolled over upon maturity and continue to provide funding to the Group. At 30 June 2002, the Group's banking facilities were secured by: (i) fixed charges on the Group's leasehold land and buildings in Hong Kong and the PRC; (ii) fixed charges on the Group's investment property; (iii) a personal guarantee given by a director of the Company; (iv) certain properties situated in the PRC jointly held by certain directors of the Group and certain independent third parties; and (v) corporate guarantees given by the Company, certain subsidiaries of the Company and an independent third party.

At 30 June 2002, the Group had current assets of approximately HK\$159 million (31 December 2001: HK\$141 million). The Group's current ratio decreased to approximately 3.3 as at 30 June 2002 from approximately 4.1 as at 31 December 2001. At 30 June 2002, the Group had total assets of approximately HK\$192 million (31 December 2001: HK\$175 million) and total liabilities of approximately HK\$49 million (31 December 2001: HK\$35 million). The gearing of the Group, measuring as total liabilities to total assets, is approximately 0.26 as at 30 June 2002 as compared with approximately 0.20 as at 31 December 2001. The changes in the current ratio and the gearing ratio were mainly attributable to the increase in bank borrowings during the Period.

The reporting currency of the Group is Hong Kong dollar and the exchange rates of Renminbi and US dollar against Hong Kong dollar were relatively stable during the Period. At 30 June 2002, over 66% of the Group's bank borrowings was denominated in Renminbi. Since a significant portion of the Group's sales are denominated in Renminbi and US dollar while purchases are denominated in Renminbi and Hong Kong dollars, the directors consider that the Group has no significant exposure to foreign exchange fluctuations. During the Period, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 30 June 2002.

OUTLOOK FOR THE SECOND HALF OF 2002

In 2002 China became a member of the World Trade Organisation. The directors believe that the Group will face increasing competition in the casual wear retail market in China. However, a rise in consumption of casual wear in the market is also expected due to wider selections and attractive prices offered by local and foreign brands. The Group is committed to continually improving the design and quality of its products, and the Company will prudently manage its garment business and tackle the challenges coming from local and foreign competitors.

Besides maintaining and managing its garment business, the Company will begin to develop oil transportation and trading businesses. To broaden its shareholder base and increase its capital base and financial strength, the Company has successfully raised HK\$137,570,000 by way of a share placement in July, for use in acquiring a shipping vessel tanker. Total consideration of the tanker acquisition was HK\$56,160,000. With a dead-weight tonnage of 273,941 tonnes, the tanker named "Asian Tiger", is already in operation, transporting crude oil from Iran to China. The balance of the proceeds are being used for working capital. The Company is currently planning to increase its oil transportation capacity to meet the demand from customers. In preparation for this, the Company is now in the final stages of negotiating with major Chinese oil traders to establish a long-term joint venture to operate oil transportation businesses.

Since the completion of the acquisition of Gemzboh Holdings Limited by our parent company Titan Oil Pte. Ltd, the Company has been steadily expanding its oil trading business, which will come to represent one of the core areas for future development. In the long run, the Company is interested in becoming an efficient, low-cost provider of high quality oil related products and related supply chain management services. The economic development of China requires fast increasing imports of crude oil and other oil products. China is now the world's second largest importer for oil products and has the highest growth in oil demand. According to 2001 statistics from Customs General Administration People's Republic of China, import for crude oil and fuel oil for the year totaled 60.25 million tonnes and 18.16 million tonnes respectively. Just for fuel oil alone, China is now the second largest importer in Asia after Singapore, and the market is expected to grow steadily.

With a wealth of experience and in-depth knowledge on China's and the world's oil industry, the new management team is confident about the prospect of the Company's oil trading business. Going forward, while the Company will continue the existing businesses, it will focus its development on a fully-integrated downstream business for oil and petrochemical products, involving storage, transshipment, and distribution, capitalising on the enormous opportunities in Asia Pacific, and especially in China.

NUMBER AND REMUNERATION OF EMPLOYEES

At 30 June 2002, the Group employed approximately 600 employees in Hong Kong and the PRC. The employees are remunerated with basic salary, bonuses and other benefits in kind with reference to industry practice and their individual performance. The Group also operates a share option scheme of which the Board may, at its discretion, grant options to employees of the Group. A new share option scheme was adopted on 31 May 2002 to replace the old share option scheme adopted on 18 May 1998. No options have been granted during the Period.

DIRECTOR'S INTEREST IN SHARES

At 30 June 2002, the interest of a director in the issued share capital of the Company or its associated corporation, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), was set out below:

Interest in the Company

Name of director	Corporate interest
Mr. Tsoi Tin Chun	1,800,500,000

These shares are owned by Great Logistics. Mr. Tsoi Tin Chun is deemed to be interested in the voting shares of Great Logistics as a result of his holdings in Titan Oil, the ultimate holding company of Great Logistics. Great Logistics' issued share capital is beneficially wholly owned by Titan Oil which is in turn owned as to 95% by Mr. Tsoi Tin Chun and as to 5% by Ms. Tsoi Yuk Yi, the spouse of Mr. Tsoi Tin Chun.

Save as disclosed above, none of the directors, chief executives or their associates had any personal, family, corporate or other interests in the equity securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraphs headed "Director's interest in shares" above and the "Share options" mentioned below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors or their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

SHARE OPTIONS

The share options granted by the Company to the directors and employees and the options exercised by the directors and employees during the Period are as follows:

Category or name of participant	Number of share options				Date of grant of share options*	Exercise period of share options	Exercise price of share options**
	At 1 January 2002	Exercised during the Period	Lapsed during the Period	At 30 June 2002			
Directors							
Mr. Tsoi Kwing Ming	14,000,000	-	-	14,000,000	2 February 2000	2 March 2000 to 2 February 2003	0.133
Mr. Leung Kam Pui [#]	10,000,000	(10,000,000)	-	-	2 February 2000	2 March 2000 to 2 February 2003	0.133
	<u>24,000,000</u>	<u>(10,000,000)</u>	<u>-</u>	<u>14,000,000</u>			
Other employees							
In aggregate	33,060,000	(10,000,000)	-	23,060,000	2 February 2000	2 March 2000 to 2 February 2003	0.133
	<u>57,060,000</u>	<u>(20,000,000)</u>	<u>-</u>	<u>37,060,000</u>			

[#] During the Period, Mr. Leung Kam Pui resigned as a director of the Company.

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the share capital of the Company.

No share options have been granted during the Period.

SUBSTANTIAL SHAREHOLDER

At 30 June 2002, the following interest of 10% or more of the issued share capital of the Company was recorded in the register of interests in shares required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares held	Percentage of holding
Great Logistics	1,800,500,000 [#]	60

[#] The shareholding is duplicated in the "Director's interests in shares" disclosed above.

Save as disclosed above, no persons, other than a director of the Company, whose interest is set out above, had registered an interest of 10% or more in the issued share capital of the Company as at 30 June 2002 that was required to be recorded under Section 16(1) of the SDI Ordinance.

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

Neither the Company, its holding company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice (the "Code") as set out in appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by this interim report, except that the independent non-executive directors of the Company are not appointed for specific terms.

AUDIT COMMITTEE

The interim results of the Group for the Period had not been audited, but had been reviewed by the Audit Committee.

On behalf of the Board
Tsoi Tin Chun
Chairman

Hong Kong, 24 September 2002