

The Board of Directors (the “directors”) of Solartech International Holdings Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2002 as follows:–

Condensed Consolidated Income Statement

For the six months ended 30 September 2002

		For the six months ended 30 September	
	<i>Notes</i>	2002 HK\$'000 (Unaudited)	2001 HK\$'000 (Unaudited)
Turnover	3	516,594	470,573
Cost of sales		(445,498)	(427,245)
Gross profit		71,096	43,328
Other operating income		824	706
Interest income		3,088	5,055
General and administrative expenses		(44,897)	(49,244)
Selling and distribution expenses		(10,260)	(10,443)
Allowance for doubtful debts		–	(500)
Unrealised holding loss on investments in securities		(1,680)	(1,440)
Profit (loss) from operations	4	18,171	(12,538)
Finance costs		(8,046)	(10,668)
Share of results of associates		987	(1,722)
Share of result of a jointly controlled entity		(1,685)	–
Gain on disposal of subsidiaries	5	5,180	–
Loss on partial disposal of interest in an associate		(6,800)	–
Profit (loss) before taxation		7,807	(24,928)
Taxation	6	(1,436)	(517)
Profit (loss) before minority interests		6,371	(25,445)
Minority interests		(738)	220
Profit (loss) for the period		5,633	(25,225)
Earnings (loss) per share – basic and diluted	8	2.97 cents	(15.84) cents

Condensed Consolidated Balance Sheet

At 30 September 2002

	<i>Notes</i>	At 30 September 2002 HK\$'000 (Unaudited)	At 31 March 2002 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	431,220	445,368
Goodwill	10	–	54,243
Interests in associates		3,507	2,800
Interest in a jointly controlled entity		72,457	70,404
Investments in securities		3,360	5,040
Other assets	11	71,982	17,351
		582,526	595,206
Current assets			
Inventories		146,821	160,415
Debtors, deposits and prepayments	12	245,959	238,144
Bills receivable		16,837	8,813
Pledged deposits		36,245	36,305
Bank balances and cash		142,225	137,871
		588,087	581,548
Current liabilities			
Creditors and accrued charges	13	100,926	120,751
Taxation		5,018	8,281
Obligations under finance leases		5,993	7,907
Bank borrowings		230,297	222,604
Convertible bonds	14	32,500	32,500
		374,734	392,043
Net current assets		213,353	189,505
Total assets less current liabilities		795,879	784,711
Non-current liabilities			
Obligations under finance leases		2,821	4,837
Deferred taxation		5,650	5,650
		8,471	10,487
Minority interests		16,950	16,212
		770,458	758,012
Capital and reserves			
Share capital	15	1,896	189,584
Reserves		768,562	568,428
		770,458	758,012

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 September 2002

	Share capital	Share premium	Asset revaluation reserve	Goodwill reserve	Reserve fund	Enterprise expansion fund	Exchange reserve	Contributed surplus	(Accumulated losses) retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2001	132,584	966,709	24,371	(70,370)	2,588	1,886	(16,175)	-	(285,036)	746,557
Exchange gain on translation of financial statements of overseas operations not recognised in the income statement	-	-	-	-	-	-	229	-	-	229
Placements of new shares	57,000	44,761	-	-	-	-	-	-	-	101,761
Loss for the period	-	-	-	-	-	-	-	-	(25,225)	(25,225)
At 30 September 2001	189,584	1,001,470	24,371	(70,370)	2,588	1,886	(15,946)	-	(310,261)	823,322
At 1 April 2002	189,584	1,001,470	13,656	(70,370)	2,588	1,886	(16,217)	-	(364,585)	768,012
Exchange gain on translation of financial statements of overseas operations not recognised in the income statement	-	-	-	-	-	-	42	-	-	42
Capital reorganisation (Note 15)	(187,688)	(1,001,470)	-	-	-	-	-	587,482	601,676	-
Expenses incurred in relation to the capital reorganisation	-	-	-	-	-	-	-	(301)	-	(301)
Realised on partial disposal of interest in an associate	-	-	-	7,072	-	-	-	-	-	7,072
Profit for the period	-	-	-	-	-	-	-	-	5,633	5,633
At 30 September 2002	1,896	-	13,656	(63,298)	2,588	1,886	(16,175)	587,181	242,724	770,458

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2002

	For the six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	7,856	28,197
Net cash from (used in) investing activities	1,087	(105,511)
Net cash (used in) from financing activities	(5,201)	69,174
Net increase (decrease) in cash and cash equivalents	3,742	(8,140)
Cash and cash equivalents at beginning of the period		
As previously reported	88,813	189,714
Effect of reclassification of trust receipt loans	49,058	32,469
As restated	137,871	222,183
Cash and cash equivalents at end of the period	141,613	214,043
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents as previously reported		186,643
Effect of reclassification of trust receipt loans		27,400
Cash and cash equivalents as restated		214,043
Being:		
Bank balances and cash	142,225	220,839
Bank overdrafts	(612)	(6,796)
	141,613	214,043

Notes to the Condensed Financial Statements

For the six months ended 30 September 2002

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2002, except for the adoption of the following new and revised SSAPs which became effective in the current period:

Statement of changes in equity

The revisions to SSAP 1 "Presentation of Financial Statements" have introduced a choice for the format of presentation of the statement of changes in equity. In prior periods, the Group presented a statement of recognised gains and losses, with the details of capital transactions with owners and distributions to owners separately disclosed in the notes to the financial statements. Pursuant to the adoption of SSAP 1 (Revised), the Group has chosen to present a comprehensive 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 has been required.

Foreign currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements of overseas operations at the closing rate for the period. They are now required to be translated at an average rate. Accordingly, on consolidation, the assets and liabilities of the Group's operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of. This change in accounting policy does not have any material effect on the results for the current or prior accounting periods.

Cash flow statements

In the current period, the Group has adopted SSAP 15 (Revised) "Cash Flow Statements". Under SSAP 15 (Revised), cash flows are classified under three headings - operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified on a consistent basis under either operating, investing or financing activities. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. In addition, the amounts presented for cash and cash equivalents have been amended to exclude trust receipt loans that are financing in nature. Cash flows of overseas operations have been re-translated at the rates prevailing at the dates of the cash flows rather than the rate of exchange ruling on the balance sheet date.

3. SEGMENT INFORMATION

The Group reports its primary segment information based on product categories. Turnover and profit (loss) from operations for the six months ended 30 September 2002 and 2001, analysed by product category, are as follows:

	For the six months ended 30 September 2002				For the six months ended 30 September 2001			
	Turnover			Profit from operations	Turnover			Profit (loss) from operations
	External sales	Inter- segment sales	Total		External sales	Inter- segment sales	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cables and wires	338,577	4,004	342,581	13,353	282,488	3,978	286,466	(16,448)
Copper rods	135,971	75,949	211,920	3,410	154,397	69,786	224,183	4,833
Connectors and terminals	42,046	354	42,400	5,036	33,688	72	33,760	2,853
	516,594	80,307	596,901	21,799	470,573	73,836	544,409	(8,762)
Elimination	-	(80,307)	(80,307)		-	(73,836)	(73,836)	
	516,594	-	516,594		470,573	-	470,573	
Investment loss				(1,600)				(1,040)
Less: Unallocated corporate expenses				(2,028)				(2,736)
Profit (loss) from operations				18,171				(12,538)

Inter-segment sales are charged at prevailing market rates.

3. SEGMENT INFORMATION (CONTINUED)

The Group's turnover for the six months ended 30 September 2002 and 2001, analysed by geographical market, is as follows:

	For the six months ended 30 September 2002			For the six months ended 30 September 2001		
	Turnover			Turnover		
	External sales HK\$'000	Inter- segment sales HK\$'000	Total HK\$'000	External sales HK\$'000	Inter- segment sales HK\$'000	Total HK\$'000
Mainland China	277,420	76,303	353,723	270,074	69,858	339,932
North America	130,961	–	130,961	96,298	–	96,298
Europe	32,023	–	32,023	32,026	–	32,026
Hong Kong	13,415	–	13,415	11,205	–	11,205
Other Asian regions	62,775	4,004	66,779	60,970	3,978	64,948
	516,594	80,307	596,901	470,573	73,836	544,409
Elimination	–	(80,307)	(80,307)	–	(73,836)	(73,836)
	516,594	–	516,594	470,573	–	470,573

An analysis of profit (loss) from operations by geographical market has not been presented as the ratio of contribution from each market is substantially in line with the overall group ratio.

4. PROFIT (LOSS) FROM OPERATIONS

	2002 HK\$'000 (Unaudited)	2001 HK\$'000 (Unaudited)
Profit (loss) from operations has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	17,922	19,865
Amortisation of deferred expenditure included in general and administrative expenses	369	635
Dividend income from listed securities	(80)	(400)

5. GAIN ON DISPOSAL OF SUBSIDIARIES

Pursuant to a sale and purchase agreement entered into between a subsidiary and a third party during the six months ended 30 September 2002, the Group had disposed of certain subsidiaries at a total consideration of HK\$60,000,000, of which HK\$5,000,000 was settled in cash and HK\$55,000,000 will be settled by promissory notes as described more fully in note 11. The subsidiaries disposed of during the period did not have any significant impact on the Group's cash flows and operating results for the period.

6. TAXATION

	For the six months ended 30 September	
	2002 HK\$'000 (Unaudited)	2001 HK\$'000 (Unaudited)
Hong Kong Profits Tax	-	-
Taxation in other jurisdictions	<u>1,436</u>	<u>517</u>
	<u>1,436</u>	<u>517</u>

No provision for Hong Kong Profits Tax was made in the financial statements as the Group had no assessable profit for both periods.

Taxation in other jurisdictions, including Mainland China and overseas, is calculated at the rates applicable in the respective jurisdictions.

7. DIVIDEND

No dividend was paid during the six months ended 30 September 2002 (six months ended 30 September 2001: Nil).

8. EARNINGS (LOSS) PER SHARE

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

	For the six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Results for the period and results for the purposes of basic earnings (loss) per share	<u>5,633</u>	<u>(25,225)</u>
		Number of shares
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<u>189,584,362</u>	<u>159,207,313</u>

As the exercise of potential dilutive ordinary shares would result in either an increase in the earnings per share or a reduction in the loss per share, there is no dilution for both the six months ended 30 September 2002 and 2001.

The weighted average number of ordinary shares for the purposes of basic earnings (loss) per share has been adjusted for the consolidation of shares as described in note 15.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2002, the Group spent HK\$3,917,000 on additions to property, plant and equipment.

The net book value of property, plant and equipment of the Group includes an amount of HK\$27,547,000 in respect of assets held under finance leases.

At 30 September 2002, the directors have considered the carrying amount of the Group's leasehold land and buildings carried at revalued amounts and have estimated that the carrying amounts do not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

10. GOODWILL

During the six months ended 30 September 2002, all goodwill was released and included in the calculation of gain on disposal of subsidiaries.

11. OTHER ASSETS

Included in the balance are notes receivable of HK\$55,000,000. The notes are secured by assets owned by the notes issuer, carry interest at commercial rates and are wholly repayable in 2007.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the balance are trade debtors of HK\$176,947,000 (31 March 2002 : HK\$182,956,000). The Group allows an average credit period of 45 days to its trade customers.

The aged analysis of trade debtors is as follows:

	30 September 2002 HK\$'000 (Unaudited)	31 March 2002 HK\$'000 (Audited)
Within 30 days	73,834	84,907
31 – 60 days	45,252	37,953
61 – 90 days	29,499	26,401
Over 90 days	28,362	33,695
	176,947	182,956

13. CREDITORS AND ACCRUED CHARGES

Included in the balance are trade creditors of HK\$70,718,000 (31 March 2002: HK\$69,697,000).

The aged analysis of trade creditors is as follows:

	30 September 2002 HK\$'000 (Unaudited)	31 March 2002 HK\$'000 (Audited)
Within 30 days	30,051	34,713
31 – 60 days	21,929	21,461
61 – 90 days	13,410	12,315
Over 90 days	5,328	1,208
	70,718	69,697

14. CONVERTIBLE BONDS

No repayment was made during the six months ended 30 September 2002.

15. SHARE CAPITAL

	Authorised	
	30 September 2002 HK\$'000 (Unaudited)	31 March 2002 HK\$'000 (Audited)
Ordinary shares of HK\$0.01 each	<u>300,000</u>	<u>300,000</u>
	Issued and fully paid	
	30 September 2002 HK\$'000 (Unaudited)	31 March 2002 HK\$'000 (Audited)
Ordinary shares of HK\$0.01 each	<u>1,896</u>	<u>189,584</u>

During the six months ended 30 September 2002, the Group undertook a capital reorganisation resulting in reduction of capital, consolidation of shares and cancellation of share premium:

- (a) the nominal value of all issued shares of HK\$0.01 each of the Company was reduced by HK\$0.0099 per share by cancelling an equal amount of paid-up capital so that the nominal value of each such share ("Reduced Share") was reduced from HK\$0.01 to HK\$0.0001. Accordingly, the issued share capital of the Company of HK\$189,584,000 was reduced by HK\$187,688,000 to HK\$1,896,000 and the credit arising from such reduction was credited to the contributed surplus account of the Company which was then applied to set off against accumulated losses of the Company;
- (b) every 100 issued Reduced Shares of HK\$0.0001 each were consolidated into one share of HK\$0.01 each ("Consolidated Share"). Accordingly, 189,584,362 Consolidated Shares of HK\$0.01 each were in issue after the consolidation; and
- (c) the share premium account of the Company was cancelled and the credit arising was credited to the contributed surplus account of the Company which was then applied to set off the accumulated losses of the Company.

16. CONTINGENT LIABILITIES

At 30 September 2002, the Company has issued guarantees to the extent of HK\$222,376,000 (31 March 2002: HK\$222,376,000) to the banks to secure general banking facilities granted to certain subsidiaries, of which, approximately HK\$156,708,000 (31 March 2002: HK\$152,861,000) was utilised. In addition, the Company has issued guarantees to leasing companies in respect of finance leases granted to certain subsidiaries with outstanding balance at 30 September 2002 of HK\$6,166,000 (31 March 2002: HK\$8,620,000).

Management Discussion and Analysis

Results

The first six months of 2002/2003 was encouraging for the Group. The operating results of the Group have improved as compared with that of the same period last year. For the six months ended 30 September 2002, the Group's total turnover was HK\$516,594,000, representing an increase of approximately 10% over HK\$470,573,000 for the same period last year. The profit attributable to shareholders amounted to HK\$5,633,000. The basic earnings per share amounted to about HK2.97 cents while a loss of HK\$25,225,000 was recorded for the corresponding period last year.

The Group's turnaround in performance during the period was mainly due to: (i) streamlining of the Company's structure and adjustment of its marketing strategies, (ii) an increase in turnover, and (iii) cost savings. These indicate that the management's efforts made in improving the Group's results in the past have started to bear fruit.

Business Review

For the six months ended 30 September 2002, the total sales of the Group amounted to HK\$516,594,000, of which HK\$338,577,000 was from the sales of cable and wire products, HK\$135,971,000 from the sales of copper rods and HK\$42,046,000 from the sales of connectors and terminals. When comparing the sales of cable and wire products and connectors and terminals in the amount of HK\$380,623,000 with that of HK\$316,176,000 for the same period last year, an increase of 20% was recorded.

Cable and Wire Products and Connectors and Terminals

Except for a slight drop in the turnover for cable and wire products and connectors and terminals in the European market, the Group recorded growth in sales in nearly all its major markets during the period under review. Since the Group has continued to develop business actively in the Greater China and North American markets, performance in those markets is particularly promising in terms of growth in turnover and increase of market share. Product prices and markets still faced fierce competition in those markets. Prices of raw materials remained relatively high although they have dropped from the peak level. Thus, the Group still had to control cost and improve the quality of products so as to enhance its competitiveness. The Asian economy is regaining strength and the Group has recorded stable growth in that region.

Copper Rods

During the period, the Group's turnover in copper rods recorded a fall of 12% as compared with the same period last year. This is mainly due to the fact that in May and June, 2002, the Group underwent an overhaul of its machines and equipment and consolidated its internal operation which resulted in lower turnover. Therefore, there was no significant contribution of the copper rod business to the Group's operating profit. However, this has paved way for the Group to actively launch the sales campaign in the second half of the year.

Prospects

It is anticipated that the global economy will continue to be affected by a number of uncertainties, including the US economy slow down, the political tension in the Middle East, global deflation, and the financial problems in some Latin America countries. In the Asian region, Mainland China continues to take the lead in economic growth and other Asian countries will follow suit.

In response to the present market sentiment of the cable and wire products, the Group has taken measures in developing closer relationships with its clients, processing orders that require urgent delivery and implementing more stringent cost control in the two factories locating in Dongguan and Shanghai, PRC. From the beginning of this year, the Group has emphasised on establishing strategic alliance with major customers, providing higher quality business and exploring new business conservatively. The Group believes that enhancing profitability is more important than pursuing increase in turnover alone.

Looking forward to the coming six to nine months, the management will endeavour to develop the sales network of copper rod products in order to increase sales. Coupled with measures of controlling cost and expenditure, the Group may secure a stable income source and set a solid foundation for sustained growth. The management believes that, in the long run, the copper rod business will remain the focus of the Group.

With the global economy facing the uncertainties, the management will monitor closely on market development and react appropriately. Business operation of the Group has started to improve and the management will respond more promptly to the market and enhance the Group's operating efficiency, so as to consolidate its competitiveness in business development.

Employees

As at 30 September 2002, the Group had approximately 4,500 employees in Hong Kong, the PRC and overseas. Remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in PRC.

Liquidity and Financial Resources

During the period, the Group has implemented sound financial management policy. As at 30 September 2002, the Group had cash on hand of approximately HK\$178 million and net current assets value being over HK\$213 million. Short and long term loans of approximately HK\$271 million compared with net assets of approximately HK\$770 million representing a gearing ratio of 0.35.

As at 30 September 2002, the Group pledged certain land and buildings, plant and machinery, fixed deposits and trade debtors with an aggregate net book value of approximately HK\$208 million to secure general banking facilities granted to the Group.

The transactions of the Group are mostly denominated in HK\$, US\$ and RMB. As the exchange rates of these currencies have been relatively stable, the Group was therefore not exposed to any significant exchange risk.

Directors' Interests in Securities

1. Shares

At 30 September 2002, the interests of the directors and their associates in the share capital of the Company within the meaning of the Securities (Disclosure of interests) Ordinance ("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	Type of interest	Number of shares
Mr. Chau Lai Him	Personal	2,052,000
	Other (<i>Note</i>)	39,650,000

Note: These shares are held by Chau's Family 1996 Limited which is a wholly owned company by the Chau's Family 1996 Trust, a discretionary trust of which Mr. Chau Lai Him is a discretionary object.

Other than as disclosed above, none of the directors or their associates had any interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance as at 30 September 2002.

2. Share options

On 16 September 2002, the shareholders of the Company approved the resolution relating to the termination of the Company's share option scheme (the "1996 Share Option Scheme"), which was adopted pursuant to a resolution passed on 26 November 1996 and would expire on 25 November 2006, and the adoption of a new share option scheme (the "2002 Share Option Scheme"). The 2002 Share Option Scheme complies with the amendments to Chapter 17 of the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited.

Upon termination of the 1996 Share Option Scheme, no further share options will be granted thereunder but all the outstanding share options granted prior to such termination continue to be valid and exercisable in accordance therewith, and only those provisions of the 1996 Share Option Scheme which are required to give effect to the outstanding share options continue to remain in force for such purpose.

No options under the 2002 Share Option Scheme were granted during the period.

At 30 September 2002, the number of shares in respect of which options had been granted under the 1996 Share Option Scheme was 8,380,000, representing 4.4% of the shares of the Company in issue at that date.

The following table discloses movements in the Company's share options during the period:

Capacity	Name of director	Date of grant	Exercisable period	Exercise price	Number of share options			
					Balance at 1.4.2002	Lapsed during the period	Adjusted on 17.9.2002	Balance at 30.9.2002
				HK\$			(Note 15)	
Director	Mr. Zhou Jin Hua	5 October 2000	5 April 2001 to 4 April 2003	0.015 1.50	285,000,000 –	– –	(285,000,000) 2,850,000	– 2,850,000
Director	Mr. Yeung Kam Tung	5 October 2000	5 April 2001 to 4 April 2003	0.015 1.50	100,000,000 –	– –	(100,000,000) 1,000,000	– 1,000,000
					<u>385,000,000</u>	<u>–</u>	<u>(381,150,000)</u>	<u>3,850,000</u>
Employees		5 October 2000	5 April 2001 to 4 April 2003	0.015 1.50	178,000,000 –	(10,000,000) –	(168,000,000) 1,680,000	– 1,680,000
Employees		13 August 2001	13 February 2002 to 12 February, 2004	0.010 1.00	285,000,000 –	– –	(285,000,000) 2,850,000	– 2,850,000
					<u>463,000,000</u>	<u>(10,000,000)</u>	<u>(448,470,000)</u>	<u>4,530,000</u>
Total					<u>848,000,000</u>	<u>(10,000,000)</u>	<u>(829,620,000)</u>	<u>8,380,000</u>

After the capital reorganisation (Note 15) on 17 September 2002, the subscription prices of the share options have been adjusted from HK\$0.015 and HK\$0.010 to HK\$1.50 and HK\$1.00 respectively.

Other than as disclosed above, none of the directors or their associates had any right to subscribe for securities of the Company, or had exercised any such right during the period, and 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 debentures of, the Company or any other body corporate.

Substantial Shareholders

Other than the interests disclosed under the heading "Directors' Interests in Securities" above, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no other person as having an interest of 10% or more in the issued share capital of the Company as at 30 September 2002.

Purchase, Sale or 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 30 September 2002.

Audit Committee

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

Compliance with the Code of Best Practice

In the opinion of the directors, the Company has complied throughout the six months ended 30 September 2002 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.

On behalf of the Board

Chau Lai Him

Chairman

Hong Kong SAR, 6 December 2002