



Interim Report 2002

G-Prop (Holdings) Limited

(Incorporated in Bermuda with limited liability)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chan Hung Lit, Simon (*Chairman*)

Cheung Kwai Sun, Roger

(*Deputy Chairman and
Managing Director*)

Li Wing Kin

Lee Kwan Ching

Yung Man Chi

Wong Sai Tat

Leung Wing Pong

Lai Hin Wing, Henry*

Chan Kam Wing, Jack*

* *Independent non-executive directors*

AUDIT COMMITTEE

Lai Hin Wing, Henry

Chan Kam Wing, Jack

PRINCIPAL BANKERS

The Hongkong and Shanghai

Banking Corporation Ltd.

Wing Hang Bank, Ltd.

LEGAL ADVISERS

P.C. Woo & Co. (Hong Kong)

Conyers, Dill & Pearman (Bermuda)

AUDITORS

Deloitte Touche Tohmatsu

Certified Public Accountants

26th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

COMPANY SECRETARY

Hong Ka Kei

REGISTERED OFFICE

Clarendon House

Church Street

Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS

Unit 10 & 11, G/F,

Sun Fung Centre,

88 Kwok Shui Road, Kwai Chung,

Hong Kong

Tel.: (852) 2950 0400

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PRINCIPAL SHARE REGISTRARS, TRANSFER OFFICE AND CONVERTIBLE

BONDS REGISTRAR

Butterfield Fund Services (Bermuda)
Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

BRANCH SHARE REGISTRARS, TRANSFER OFFICE AND CONVERTIBLE BONDS REGISTRAR

Secretaries Limited

5th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

CHAIRMAN'S STATEMENT

RESULTS

The Group reported a loss of HK\$88 million for the six months ended 30th September, 2002, compared to HK\$38.6 million for the same period in 2001. The increase is mainly due to impairment loss of goodwill of HK\$62 million in current period, while there was no such item in previous period.

The Group's turnover for the period was HK\$4.9 million, increased by 96% from HK\$2.5 million for the previous corresponding period mainly due to an increase in sales of energy saving machine and in property rental income.

(I) Business Activity Review

Energy Saving Machine

In spite of the difficult economic environment and market conditions, the Group has continued to report consistent growth in its energy saving machine business, which achieved a total revenue of HK\$2.8 million in current period, while the amount in the previous corresponding period is negligible.

In September 2002, the Group completed the relocation of its factory in Hong Kong. This improved the production capacity and operating efficiency. The newly implemented operations provide the Group with greater flexibility and allow the Group to tailor production to customer needs.

Property Investment

The Group's investment properties portfolio strengthened after acquisition of Chung Kiu Godown Building and Yuen Long New Place in August 2002. They are now two core assets of the Group, representing 55% of the Group's total assets, and they generate monthly gross rental income of HK\$0.5 million in current period.

(II) Financial Review

In May 2002, the Group expanded its capital base through raising HK\$14.6 million from a placing of 239,000,000 new shares. The net proceeds have been used as general working capital of the Group.

In July 2002, the Group raised HK\$5.4 million from the placing of 143,300,000 new shares. The net proceeds have been used as general working capital of the Group.

Liquidity and Financing

As at 30th September, 2002, the Group's borrowings increased to HK\$520.5 million (31st March, 2002: HK\$352.2 million), which was due to the acquisition of Chung Kiu Godown Building and Yuen Long New Place by means of finance by new borrowings. The maturity profile of the borrowing is analysed as follows:

Debt Maturity	<i>HK\$ million</i>	
Repayable within 1 year	13.1	2%
Repayable between 1 to 2 years	3.9	1%
Repayable between 2 to 5 years	442.6	85%
Repayable after 5 years	60.9	12%

All of the Group's borrowings were in Hong Kong dollar at period end and approximately 83% of the borrowings are fixed rate convertible bonds.

The Group's finance costs for the period was HK\$5.3 million, decreased by 64% from HK\$14.6 million for the previous corresponding period. In late 2001, the Group issued convertible bonds in favourable terms and refinanced the high cost debts then outstanding, which lead to the significant reduction in the finance costs in current period.

Contingent Liabilities

As at 30th September, 2002, the Group provided guarantee of HK\$9.5 million to financial institutions in respect of credit facilities extended to a jointly controlled entity.

Charges on Assets

As at 30th September, 2002, certain assets of the Group amounting to HK\$190.8 million were pledged to banks and financial institutions for banking facilities granted to the Group.

(III) Human Resources

The Group employed 40 employees at the period end date. Employees' cost (excluding directors' emoluments) amounted to approximately HK\$4.8 million for the period. Employees are remunerated according to nature of the job and market trend, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance.

INTERIM DIVIDEND

The board of directors resolved not to recommend the payment of an interim dividend for the six months ended 30th September, 2002 (2001: nil).

PROSPECTS AND OUTLOOK

The Company expects the second half of the financial year will be challenging but is cautiously optimistic. Future cash flow is likely to improve with the backing of rental income generated from the two core properties and the growing energy saving machine business. Given the substantially reduced finance costs in the period, we are expecting improvement in the Group's overall financial position. The directors will continue to improve the operating efficiencies and the capital structure, and pursue long-term shareholder value enhancement.

AUDIT COMMITTEE

The Group's interim report for the six months ended 30th September, 2002 was unaudited, but has been reviewed by the Audit Committee.

By order of the Board
Chan Hung Lit, Simon
Chairman

Hong Kong, 13th December, 2002

The board of directors of G-Prop (Holdings) Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2002, together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2002

		Six months ended 30th September	
		2002	2001
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Turnover	2	4,972	2,540
Cost of sales		<u>(3,813)</u>	<u>(1,307)</u>
Gross profit		1,159	1,233
Other revenue		453	754
Distribution costs		(137)	-
Administrative expenses		(18,498)	(25,046)
Other operating expenses		<u>(1,382)</u>	<u>(386)</u>
Loss from operations		(18,405)	(23,445)
Finance costs		(5,320)	(14,649)
Share of results of associates		-	(1)
Share of results of jointly controlled entities		(77)	(554)
Net loss on disposal of subsidiaries		(2,371)	-
Impairment loss on goodwill		<u>(61,922)</u>	<u>-</u>
Loss before taxation		(88,095)	(38,649)
Taxation	4	<u>(2)</u>	<u>(109)</u>
Loss before minority interests		(88,097)	(38,758)
Minority interests		<u>13</u>	<u>204</u>
Loss for the period		<u>(88,084)</u>	<u>(38,554)</u>
Loss per share	5		
Basic		<u>HK\$(0.12)</u>	<u>HK\$(0.40)</u>

CONDENSED CONSOLIDATED BALANCE SHEET*At 30th September, 2002*

		30th September, 2002 (Unaudited) HK\$'000	31st March, 2002 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Investment properties	<i>6</i>	186,694	9,250
Property, plant and equipment	<i>6</i>	11,411	14,377
Goodwill		–	50,726
Intangible assets		25,373	26,138
Interest in associates		–	13,422
Interest in jointly controlled entities		32,724	32,507
Loans to a minority shareholder of subsidiaries		–	16,000
Club debentures		220	2,798
Finance lease receivables – due after one year		144	267
		256,566	165,485
CURRENT ASSETS			
Inventories		2,012	2,167
Trade and other receivables	<i>7</i>	11,788	8,858
Short-term loans receivables	<i>8</i>	1,693	1,816
Finance lease receivables		389	318
Loans to a minority shareholder of subsidiaries		16,000	–
Investment in securities		24,300	24,951
Amount due from associates		8,845	4,449
Bank balances and cash		1,344	562
		66,371	43,121

		30th September, 2002 (Unaudited) HK\$'000	31st March, 2002 (Audited) HK\$'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade and other payables	9	22,870	15,400
Taxation payable		106	106
Borrowings – due within one year		11,564	648
Obligations under finance leases			
– due within one year		1,496	1,741
Convertible bonds – due within one year		–	8,319
		<u>36,036</u>	<u>26,214</u>
NET CURRENT ASSETS			
		<u>30,335</u>	<u>16,907</u>
		<u>286,901</u>	<u>182,392</u>
CAPITAL AND RESERVES			
Share capital	10	10,647	4,780
Reserves		(231,360)	(164,033)
		<u>(220,713)</u>	<u>(159,253)</u>
MINORITY INTEREST			
		<u>153</u>	<u>166</u>
NON-CURRENT LIABILITIES			
Borrowings – due after one year		27,050	6,113
Obligations under finance leases			
– due after one year		1,017	1,678
Convertible bonds			
– due after one year		431,561	285,618
Advances from minority shareholders of subsidiaries		47,833	48,070
		<u>507,461</u>	<u>341,479</u>
		<u>286,901</u>	<u>182,392</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30th September, 2002*

	Six months ended 30th September, 2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(88,095)	(38,649)
Adjustment for:		
Depreciation for property, plant and equipment	1,253	1,261
Amortisation of issue costs of convertible bonds	3,439	1,453
Unamortised issue costs written off on the conversion of convertible bonds	388	-
Amortisation of intangible asset	765	2,586
Share of results of associates	-	1
Share of results of jointly controlled entities	77	554
Amortisation of goodwill arising on acquisition of subsidiaries	1,492	4,165
Amortisation of goodwill arising on acquisition of associates	725	725
Loss (Gain) on disposal of property, plant and equipment	1,466	(1,175)
Deficit arising on revaluation of investment properties	1,200	-
Net loss on disposal of subsidiaries	2,371	-
Provision for bad and doubtful debts	-	500
Impairment loss on goodwill	61,922	-
Unrealised holding loss on other investment	-	168
Foreign exchange loss	-	24
Interest expenses	1,309	14,521
Finance lease charges	184	127
Interest income, other than from loan receivables	(29)	(36)
Operating loss before working capital changes	(11,533)	(13,775)
Decrease (Increase) in inventories	155	(294)
Decrease in properties held for resale	-	1,180
Decrease in other investment	651	-
Increase in trade and other receivables	(1,589)	(2,722)
Decrease in short-term loan receivables	123	13,104
Increase in trade and other payables	2,730	11,500
Cash (used in) generated from operations	(9,463)	8,993
Interest paid	(1,001)	(14,521)
Finance lease charges paid	(184)	(127)
Income taxes paid	(2)	(3)
Net cash used in operating activities	(10,650)	(5,658)

	Six months ended 30th September, 2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed of)	200	-
Proceeds from disposal of properties, plant and equipment	1,092	2,449
Investment in associates	-	(16,800)
Purchase of subsidiaries (net of cash and cash equivalents acquired)	(612)	-
Amounts advanced to jointly controlled entities	(293)	-
Amounts advanced to associates	(4,396)	-
Decrease in finance lease receivables	71	-
Purchase of property, plant and equipment	(846)	(891)
Interest received	11	36
Net cash used in investing activities	(4,773)	(15,206)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings raised	-	3,162
Proceeds from issue of shares	20,294	22,184
Capital contributed by minority shareholder of subsidiaries	-	282
Redemption of convertible bonds	(674)	-
Repayment of borrowings	(1,839)	(5,946)
Expenses in connection with the issue of convertible bonds	(903)	-
Expenses in connection with the issue of shares	(673)	(1,385)
Net cash generated from financing activities	16,205	18,297
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	782	(2,567)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	562	3,433
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,344	866

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30th September, 2002*

	Share capital	Share premium	Translation reserve	Goodwill reserve	Contributed surplus	Deficit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2001	145,178	502,530	230	(45)	294,601	(894,022)	48,472
Effect of capital reduction	(144,452)	(444,334)	-	-	97,779	491,007	-
Issue of share capital	688	-	-	-	-	-	688
Premium arising on issue of shares	-	21,496	-	-	-	-	21,496
Expenses in connection with the issue of shares	-	(1,385)	-	-	-	-	(1,385)
Exchange difference arising on translation of the financial statements of overseas operations	-	-	24	-	-	-	24
Amount written off	-	-	-	145	-	-	145
Loss for the period	-	-	-	-	-	(38,554)	(38,554)
At 30th September, 2001	1,414	78,307	254	100	392,380	(441,569)	30,886
Issue of share capital	3,366	-	-	-	-	-	3,366
Exchange difference arising on translation of the financial statements of overseas operations	-	-	(46)	-	-	-	(46)
Premium arising on issue of shares	-	64,181	-	-	-	-	64,181
Expenses in connection with the issue of shares	-	(459)	-	-	-	-	(459)
Amount written back	-	-	-	(145)	-	-	(145)
Loss for the period	-	-	-	-	-	(257,036)	(257,036)
At 1st April, 2002	4,780	142,029	208	(45)	392,380	(698,605)	(159,253)
Issue of share capital	5,867	-	-	-	-	-	5,867
Premium arising on issue of shares	-	21,427	-	-	-	-	21,427
Expenses in connection with the issue of shares	-	(673)	-	-	-	-	(673)
Realised on disposal of subsidiaries	-	-	3	-	-	-	3
Loss for the period	-	-	-	-	-	(88,084)	(88,084)
At 30th September, 2002	10,647	162,783	211	(45)	392,380	(786,689)	(220,713)

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF ACCOUNTS

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" and Appendix 16 of Listing Rules of The Stock Exchange of Hong Kong Limited. The accounting policies and methods of computation used in the preparation of the condensed financial statements are consistent with those used in the annual accounts for the year ended 31st March, 2002 except for the changes in accounting policies as described below.

In the current period, the Group adopted the revision to SSAP 1 (Revised) "Presentation of financial statement". The condensed consolidated statement of recognised gains and losses is replaced by the consolidated statement of changes in equity.

The Group adopted SSAP 11 (Revised) "Foreign currency translation". The profit and loss accounts of foreign enterprises are translated into Hong Kong dollars at the weighted average exchange rates during the period. This is a change in accounting policy from prior years where these were translated at the exchange rates ruling at the balance sheet date. The effect of such change is not material to the accounts.

In addition, the Group also adopted the revisions to SSAP 15 "Cash Flow Statements" which resulted in a change in the format of presentation of the cash flow statement.

2. TURNOVER AND SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into five operating activities – energy saving machine, other investments, properties, investment and finance and leasing. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Energy saving machine	–	manufacturing and trading of energy saving machine
Other investments	–	trading of other investments
Properties	–	trading of properties held for resale
Investment and finance	–	engage in investing and financing activities
Leasing	–	leasing of equipment and property rental

Segment information about these businesses is presented below:

Six months ended 30th September, 2002

	Energy saving machine HK\$'000	Other investments HK\$'000	Properties HK\$'000	Investment and finance HK\$'000	Leasing HK\$'000	Consolidated HK\$'000
Income statement:						
Turnover						
External sales	<u>2,769</u>	<u>626</u>	<u>-</u>	<u>411</u>	<u>1,166</u>	<u>4,972</u>
Segment result	<u>(5,288)</u>	<u>(25)</u>	<u>-</u>	<u>539</u>	<u>(545)</u>	<u>(5,319)</u>
Interest income						29
Unallocated corporate expenses						<u>(13,115)</u>
Loss from operations						(18,405)
Finance costs						(5,320)
Share of results of jointly controlled entities	-	-	(4)	-	(73)	(77)
Loss on disposal of subsidiaries						(2,371)
Impairment loss on goodwill	<u>(49,234)</u>	-	-	<u>(12,688)</u>	-	<u>(61,922)</u>
Loss before taxation						(88,095)
Taxation						<u>(2)</u>
Loss before minority interest						<u>(88,097)</u>

Six months ended 30th September, 2001

	Energy saving machine	Other investments	Properties	Investment and finance	Leasing	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Income statement:						
Turnover						
External sales	97	-	1,180	1,167	96	2,540
Segment result	(5,473)	(168)	(34)	1,048	35	(4,592)
Interest income						36
Unallocated corporate expenses						(18,889)
Loss from operations						(23,445)
Finance costs						(14,649)
Share of results of associates	-	-	(1)	-	-	(1)
Share of results of jointly controlled entities	-	-	(9)	-	(545)	(554)
Loss before taxation						(38,649)
Taxation						(109)
Loss before minority interest						(38,758)

Geographical segments

The Group's operations are principally located in Hong Kong, the People's Republic of China ("PRC") and Canada.

The following table provides an analysis of the Group's sales and loss from operations by geographical market, irrespective of the origin of the goods:

	Sales revenue		Loss from operations	
	Six months ended 30th September, 2002		Six months ended 30th September, 2001	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	2,302	1,308	(2,825)	(3,892)
Canada	(4)	1,180	46	(34)
PRC	2,674	-	(1,902)	-
Others	-	52	(638)	(666)
	<u>4,972</u>	<u>2,540</u>	<u>(5,319)</u>	<u>(4,592)</u>
Interest income			29	36
Unallocated corporate expenses			(13,115)	(18,889)
Loss from operations			<u>(18,405)</u>	<u>(23,445)</u>

3. DEPRECIATION/AMORTISATION

	Six months ended 30th September,	
	2002	2001
	HK\$'000	HK\$'000
Amortisation of intangible assets	765	2,586
Amortisation of goodwill arising on acquisition of		
- subsidiaries	1,492	4,165
- associates	725	725
Depreciation of property, plant and equipment:		
- owned assets	954	1,113
- assets held under finance leases	299	148
	<u>4,235</u>	<u>8,737</u>

4. TAXATION

Six months ended 30th September,	
2002	2001
HK\$'000	HK\$'000

The charge comprises:

Taxation of the Company and its subsidiaries

– Hong Kong Profits Tax	–	(106)
– overseas taxation	(2)	(3)
	(2)	(3)
	(2)	(109)

No provision for Hong Kong Profits Tax has been made for the six months ended 30th September, 2002 for the Company and its subsidiaries because these companies incurred tax losses for the period. Hong Kong Profits Tax was calculated at 16% on the estimated assessable profits for the six months ended 30th September, 2001.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period of HK\$88,084,000 (2001: HK\$38,554,000) and on weighted average number of ordinary shares in issue during the period of 724,701,158 shares (2001: 95,595,941 shares).

No diluted loss per share has been calculated for the period ended 30th September, 2002 and 2001 as the exercise of the share options and the conversion of the convertible bonds would result in a decrease in the loss per share for both periods.

6. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired two investment properties at a cost of HK\$178.6 million through the acquisition of subsidiaries. In addition, the Group acquired and disposed property, plant and equipment for the amount of HK\$846,000 and HK\$3,959,000 respectively.

The Group's property, plant and equipment include cost of HK\$1,414,000 (31st March, 2002: HK\$1,556,000) and accumulated depreciation of HK\$411,000 (31st March, 2002: HK\$403,000) in respect of energy saving machines which are held for rental income under operating leases.

Included in the net book value of property, plant and equipment of the Group are assets held under finance leases amounting to HK\$2,916,000 (31st March, 2002: HK\$3,614,000).

7. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to its trade debtors, included in trade and other receivables is trade receivables of HK\$6,821,000 (31st March, 2002: HK\$4,342,000). Its aged analysis at the period end date is as follows:

	30th September, 2002 HK\$'000	31st March, 2002 HK\$'000
Within 30 days	539	280
31 – 60 days	951	101
Over 60 days	<u>5,331</u>	<u>3,961</u>
	<u>6,821</u>	<u>4,342</u>

8. SHORT-TERM LOANS RECEIVABLES

The Group maintained a defined credit policy in accordance with respective loan agreements. All loans receivables at the reporting date are due over 60 days.

9. TRADE AND OTHER PAYABLES

Included in trade and other payables is trade creditors of HK\$465,000 (31st March, 2002: HK\$107,000). Its aged analysis at the period end date is as follows:

	30th September, 2002 HK\$'000	31st March, 2002 HK\$'000
Within 30 days	228	42
31 – 60 days	147	16
Over 60 days	<u>90</u>	<u>49</u>
	<u>465</u>	<u>107</u>

10. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
<i>Authorised:</i>		
At 1st April, 2001 (HK\$0.10 each)	6,800,000,000	680,000
– consolidation of shares of 20 into 1	(6,460,000,000)	–
– subdivision of each unissued consolidated share into 200 new shares	67,660,000,000	–
– cancellation of shares	(48,000,000,000)	(480,000)
	<hr/>	<hr/>
At 1st April, 2002 (HK\$0.01 each)	20,000,000,000	200,000
– increase of authorised share capital	60,000,000,000	600,000
	<hr/>	<hr/>
At 30th September, 2002 (HK\$0.01 each)	<u>80,000,000,000</u>	<u>800,000</u>
<i>Issued and fully paid :</i>		
Ordinary shares		
At 1st April, 2001 (HK\$0.10 each)	1,451,781,319	145,178
– consolidation of shares and capital reduction	(1,379,192,254)	(144,452)
– issue of shares under open offer	45,785,570	458
– issue of shares under placing	170,000,000	1,700
– exercise of conversion rights of convertible bonds	181,089,540	1,811
– exercise of share options	8,530,000	85
	<hr/>	<hr/>
At 1st April, 2002 (HK\$0.01 each)	477,994,175	4,780
– issue of share under placing	382,300,000	3,823
– exercise of share options	10,000,000	100
– exercise of conversion rights of convertible bonds	194,444,443	1,944
	<hr/>	<hr/>
At 30th September, 2002 (HK\$0.01 each)	<u>1,064,738,618</u>	<u>10,647</u>

11. CONTINGENT LIABILITIES

	The Group		The Company	
	30th September, 2002 HK\$'000	31st March, 2002 HK\$'000	30th September, 2002 HK\$'000	31st March, 2002 HK\$'000
Guarantees given to banks and financial institutions in respect of credit facilities extended to				
- subsidiaries	-	-	7,422	8,033
- a jointly controlled entity	9,500	9,500	9,500	9,500
	9,500	9,500	16,922	17,533

12. MATERIAL EVENT SUBSEQUENT TO 30TH SEPTEMBER, 2002

In October 2002, the Company successfully raised net proceeds of HK\$1.6 million from a placing of 172,000,000 new shares to independent investors. The proceeds have been used as general working capital of the Group.

13. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current period's presentation.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES**

As at 30th September, 2002, save for the interests disclosed below, none of the directors or chief executives of the Company had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), as recorded in the register kept by the Company under Section 29 of the SDI Ordinance.

Shares of the Company

Name	Numbers of Shares held as personal interests
Chan Kam Wing, Jack	490,000

Share options of the Company

Details of the Company's share option schemes are set out in the published annual report of the Company for the year ended 31st March, 2002. Share options are granted to directors and employees under the said schemes.

(A) 1990 Scheme

Details of the movements of the options pursuant to the Company's share option scheme adopted on 16th August, 1990 ("1990 Scheme") and the outstanding options at 30th September, 2002 are as follows:

Name of director	Date of grant	Exercise price per share HK\$	Exercisable period	Number of share options		
				Out-standing at 1.4.2002	Lapsed on re-signation during the period	Out-standing at 30.9.2002
Category 1: Executive directors						
Cheung Kwai Sun,	4.1.2000	29.15	4.1.2000-4.1.2003	34,368	-	34,368
Roger	5.1.2000	31.56	5.1.2000-5.1.2003	1,489	-	1,489
	6.1.2000	33.10	6.1.2000-6.1.2003	8,019	-	8,019
	20.1.2000	37.36	20.1.2000-20.1.2003	69,882	-	69,882
	24.3.2000	17.17	24.3.2000-24.3.2003	68,736	-	68,736
Lee Sze Kwong,	30.10.1999	16.92	30.10.1999-30.10.2002	68,736	-	68,736
William	4.1.2000	29.15	4.1.2000-4.1.2003	34,368	-	34,368
(Note 1)	5.1.2000	31.56	5.1.2000-5.1.2003	1,489	-	1,489
	6.1.2000	33.10	6.1.2000-6.1.2003	8,019	-	8,019
	20.1.2000	37.36	20.1.2000-20.1.2003	69,882	-	69,882
	24.3.2000	17.17	24.3.2000-24.3.2003	78,474	-	78,474

Name of director	Date of grant	Exercise price per share HK\$	Exercisable period	Number of share options		
				Out-standing at 1.4.2002	Lapsed on re-signation during the period	Out-standing at 30.9.2002
Lo Siu Wah	4.1.2000	29.15	4.1.2000-4.1.2003	97,377	(97,377)	-
	5.1.2000	31.56	5.1.2000-5.1.2003	2,864	(2,864)	-
	6.1.2000	33.10	6.1.2000-6.1.2003	24,058	(24,058)	-
	20.1.2000	37.36	20.1.2000-20.1.2003	209,073	(209,073)	-
	24.3.2000	17.17	24.3.2000-20.3.2003	206,209	(206,209)	-
				<u>983,043</u>	<u>(539,581)</u>	<u>443,462</u>
Category 2: Employees						
Other Employees	30.10.1999	16.92	30.10.1999-30.10.2002	515,523	-	515,523
	4.1.2000	29.15	4.1.2000-4.1.2003	98,693	-	98,693
	5.1.2000	31.56	5.1.2000-5.1.2003	6,989	-	6,989
	6.1.2000	33.10	6.1.2000-6.1.2003	25,203	-	25,203
	20.1.2000	37.36	20.1.2000-20.1.2003	209,073	-	209,073
	24.3.2000	17.17	24.3.2000-24.3.2003	209,074	-	209,074
				<u>1,064,555</u>	<u>-</u>	<u>1,064,555</u>
Total				<u>2,047,598</u>	<u>(539,581)</u>	<u>1,508,017</u>

(B) 2000 Scheme

Details of the movements of the options pursuant to the Company's share option scheme adopted on 23rd August, 2000 ("2000 Scheme") and the outstanding options at 30th September, 2002 are as follows:

Name of director	Date of grant	Exercise price per share HK\$	Exercisable period	Number of share options		
				Out-standing at 1.4.2002	Lapsed on re-signation during the period	Out-standing at 30.9.2002
Category 1: Executive directors						
Cheung Kwai Sun,	26.8.2000	8.79	26.8.2000-25.8.2010	229,121	-	229,121
Roger	21.2.2001	1.74	21.2.2001-20.2.2011	57,280	-	57,280
Lee Sze Kwong,	26.8.2000	8.79	26.8.2000-25.8.2010	444,495	-	444,495
William (Note 1)	21.2.2001	1.74	21.2.2001-20.2.2011	57,280	-	57,280
Lo Siu Wah	26.8.2000	8.79	26.8.2000-25.8.2010	1,288,808	(1,288,808)	-
	28.8.2000	8.79	28.8.2000-27.8.2010	372,322	(372,322)	-
	21.2.2001	1.74	21.2.2001-20.2.2011	68,736	(68,736)	-
				<u>2,518,042</u>	<u>(1,729,866)</u>	<u>788,176</u>
Category 2: Employees						
Other Employees	26.8.2000	8.79	26.8.2000-25.8.2010	437,622	-	437,622
	21.2.2001	1.74	21.2.2001-20.2.2011	693,093	(45,824)	647,269
				<u>1,130,715</u>	<u>(45,824)</u>	<u>1,084,891</u>
Total				<u>3,648,757</u>	<u>(1,775,690)</u>	<u>1,873,067</u>

(C) 2002 Scheme

Details of the movements of the options pursuant to the Company's share option scheme adopted on 15th February, 2002 ("2002 Scheme") and the outstanding options at 30th September, 2002 are as follows:

Name of director	Date of grant/ Exercise price per share	Exercisable period	Number of share options				Outstanding at 30.9.2002
			Outstanding at 1.4.2002	Granted during the period	Exercised during the period	Lapsed during the period	
Category 1: Executive directors							
Chan Hung Lit, Simon	21.3.2002 (HK\$0.086)	21.3.2002- 30.9.2002	3,270,000	-	-	(3,270,000)	-
Cheung Kwai Sun, Roger	21.3.2002 (HK\$0.086)	21.3.2002- 30.9.2002	3,200,000	-	-	(3,200,000)	-
Li Wing Kin	21.3.2002 (HK\$0.086)	21.3.2002- 30.9.2002	2,200,000	-	-	(2,200,000)	-
Lee Sze Kwong, William <i>(Note 1)</i>	21.3.2002 (HK\$0.086)	21.3.2002- 30.9.2002	2,350,000	-	-	(2,350,000)	-
Lo Siu Wah	21.3.2002 (HK\$0.086)	21.3.2002- 30.9.2002	2,200,000	-	-	(2,200,000)	-
			13,220,000	-	-	(13,220,000)	-

Name of director	Date of grant/ Exercise price per share	Exercisable period	Number of share options				
			Outstanding at 1.4.2002	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.9.2002
Category 2: Independent non-executive directors							
Lai Hin Wing, Henry	21.3.2002 (HK\$0.086)	21.3.2002- 30.9.2002	366,000	-	-	(366,000)	-
Wong Kai Tat (Note 2)	21.3.2002 (HK\$0.086)	21.3.2002- 30.9.2002	366,000	-	-	(366,000)	-
Tsang Yim Fan, Josephine (Note 3)	21.3.2002 (HK\$0.086)	21.3.2002- 30.9.2002	366,000	-	-	(366,000)	-
			<u>1,098,000</u>	<u>-</u>	<u>-</u>	<u>(1,098,000)</u>	<u>-</u>
Category 3: Employees							
Other Employees	21.3.2002 (HK\$0.086)	21.3.2002- 30.9.2002	6,330,000	-	-	(6,330,000)	-
	22.8.2002 (HK\$0.027)	22.8.2002- 28.2.2003	-	10,000,000	(10,000,000)	-	-
			<u>6,330,000</u>	<u>10,000,000</u>	<u>(10,000,000)</u>	<u>(6,330,000)</u>	<u>-</u>
Total			<u>20,648,000</u>	<u>10,000,000</u>	<u>(10,000,000)</u>	<u>(20,648,000)</u>	<u>-</u>

Note 1: Mr. Lee Sze Kwong, William resigned as a director on 25th September, 2002, but his outstanding options remain effective except for the options which lapsed on 30th September, 2002 upon expiry.

Note 2: Mr. Wong Kai Tat resigned as an independent non-executive director on 4th June, 2002, however, the outstanding options remain effective until their lapse upon expiry on 30th September, 2002.

Note 3: Ms. Tsang Yim Fan, Josephine resigned as an independent non-executive director on 28th March, 2002, however, the outstanding options remain effective until their lapse upon expiry on 30th September, 2002.

The fair value of the options granted in the current period under the 2002 Scheme, measured as at 22nd August, 2002, being the date of grant was approximately HK\$77,000. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

1. an expected volatility of 101.5% based on historical volatility; and
2. the Hong Kong Exchange Fund Bills rate of 1.39% and based on the estimated expected life of six months.

For the purposes of the calculation of fair value, no adjustment has been made in respect of options expected to be forfeited, due to lack of historical data.

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimates, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

No charge is recognised in the income statement in respect of the value of options granted in the period.

The closing price of the Company's shares immediately before 22nd August, 2002, being the date of grant of options during the period, was HK\$0.027.

The closing price of the Company's shares immediately before the date on which the options was exercised was HK\$0.032

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2002, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI ordinance shows that no person was interested in 10% or more of the nominal value of the issued ordinary shares of the Company. The Company has not been notified of any interests as at 30th September, 2002 representing 10% or more of the issued share capital of the Company.

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

During the six months ended 30th September, 2002, there were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed securities.

CODE OF BEST PRACTICE

No director 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 30th September, 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 (the "Listing Rules").

PRACTICE NOTE 19 DISCLOSURE

The directors of the Company also wish to disclose details of amounts due from, and guarantees given for the benefit of, its affiliated companies as at 30th September, 2002 pursuant to Paragraph 3.3 of Practice Note 19 of the Listing Rules and the details of advances to entities as at 30th September, 2002 pursuant to Paragraph 3.2 of Practice Note 19 of the Listing Rules.

Analysis of the advances and guarantees

The total value of all amount due from, and guarantees given to secure obligations of, the affiliated companies was approximately HK\$32,292,000 as at 30th September, 2002, which represents approximately 35.06% of the modified assets basis of the Group as set out in the Company's announcement dated 20th September, 2002. The particulars are as follows:

Affiliated company	Percentage of interest	Amount due in respect of advances HK\$'000	Share of guarantee given and utilised HK\$'000	Total HK\$'000
Legend Power System Inc. (Note a)	25%	4,445	Nil	4,445
CashThrough International Limited (Note a)	23.33%	4,400	Nil	4,400
New Champion International Limited (Note b)	50%	13,947	9,500	23,447
Total		<u>22,792</u>	<u>9,500</u>	<u>32,292</u>

Note (a): The advances are unsecured, interest free and repayable on demand.

Note (b): The advances are unsecured, interest free and has no fixed terms of repayment. The whole guarantee given was fully utilised.

The proforma combined balance sheet of the above affiliated companies as at 30th September, 2002 is as follows:

	<i>HK\$'000</i>
Non-current assets	53,111
Current assets	8,063
Current liabilities	(21,462)
Non-current liabilities	(57,322)
	<u>(17,610)</u>
Group's proforma attributable interests	<u>(3,296)</u>

Analysis of the advances to entities

The Group recorded an amount due from Koga Limited ("Koga") of HK\$16,000,000 as at 30th September, 2002, which represents approximately 17.37% of the modified assets basis of the Group as set out in the Company's announcement dated 20th September, 2002. The particulars are as follows:

Entity	Balance due in respect of advances <i>HK\$'000</i>	Interest rate per annum <i>(%)</i>	Maturity date	Collateral
Koga	16,000	Prime rate	5 June 2003	Unsecured

Pursuant to a subscription agreement dated 21st October, 1999, Koga agreed to subscribe for 50% of the entire issued share capital of Legend Power Ltd., a subsidiary of the Company. The amount HK\$16,000,000 represented the consideration which Koga agreed to pay to the Group for acquisition of the shareholders' loans in a subsidiary of Legend Power Ltd.