



Interim Report
2002



CRG
沿海物業集團

沿海物業集團有限公司
COASTAL REALTY GROUP LIMITED

The Board of Directors of Coastal Realty Group Limited (the “Company”) herein present the unaudited consolidated profit and loss account, condensed cash flow statement and condensed statement of changes in equity of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2002 together with the unaudited comparative figures for the last corresponding period and the unaudited consolidated balance sheet of the Group as at 30th September, 2002 together with the audited comparative figures as at 31st March, 2002. The interim report for the six months ended 30th September, 2002 has been reviewed by the Company’s Audit Committee on 20th December, 2002.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	(Unaudited)	
		Six months ended	
		30th September,	
		2002	2001
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	278,325	91,098
Cost of sales		(237,644)	(83,820)
		<hr/>	<hr/>
Gross profit		40,681	7,278
Other revenue and gains		9,648	7,057
Marketing and selling costs		(163)	(1,175)
Administrative expenses		(16,528)	(12,501)
Other operating expenses, net		(5,305)	(20,255)
		<hr/>	<hr/>
Profit/(loss) from operating activities	2, 3	28,333	(19,596)
Finance costs	4	(7,701)	(9,396)
Share of profits and losses of jointly-controlled entities		(8)	27
		<hr/>	<hr/>
Profit/(loss) before tax		20,624	(28,965)
Tax	5	(8,734)	(679)
		<hr/>	<hr/>
Profit/(loss) before minority interests		11,890	(29,644)
Minority interests		(395)	(318)
		<hr/>	<hr/>
Net profit/(loss) from ordinary activities attributable to shareholders		<u>11,495</u>	<u>(29,962)</u>
Earnings/(loss) per share			
– Basic	6	<u>1.12 cents</u>	<u>(3.05) cents</u>
– Diluted	6	<u>not applicable</u>	<u>(3.04) cents</u>

CONSOLIDATED BALANCE SHEET

	(Unaudited) 30th September, 2002	(Audited) 31st March, 2002
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS		
Fixed assets	414,489	409,176
Properties under development	97,896	106,995
Properties held for development	1,185,165	1,261,918
Interests in jointly-controlled entities	(4,674)	(4,116)
Long term investment	560	560
Pledged deposits	49,189	49,659
	<u>1,742,625</u>	<u>1,824,192</u>
CURRENT ASSETS		
Properties under development for sale	463,318	423,481
Completed properties for sale	196,375	163,850
Trade receivables	7	47,090
Prepayments, deposits and other receivables	66,223	49,146
Cash and bank balances	76,739	76,394
	<u>849,745</u>	<u>756,235</u>
CURRENT LIABILITIES		
Due to the ultimate holding company	73,773	96,587
Trade payables	8	136,335
Tax payable	18,019	7,628
Deposits received	26,202	22,449
Other payables and accruals	107,216	140,461
Interest-bearing bank and other borrowings	404,127	360,385
	<u>765,672</u>	<u>734,757</u>
NET CURRENT ASSETS	<u>84,073</u>	<u>21,478</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	1,826,698	1,845,670
NON-CURRENT LIABILITIES		
Due to the ultimate holding company	20,000	20,000
Interest-bearing bank and other borrowings	189,584	189,120
Long term payables	122,510	151,847
Deferred tax	-	1,989
	<u>332,094</u>	<u>362,956</u>
MINORITY INTERESTS	<u>7,973</u>	<u>7,578</u>
	<u>1,486,631</u>	<u>1,475,136</u>
CAPITAL AND RESERVES		
Issued capital	9	102,400
Reserves	1,384,231	1,372,736
	<u>1,486,631</u>	<u>1,475,136</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited)	
	Six months ended	
	30th September,	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	34,675	167,622
Net cash outflow from investing activities	(7,549)	(9,581)
Net cash outflow from financing activities	(26,847)	(117,804)
Increase in cash and cash equivalents	279	40,237
Cash and cash equivalents at beginning of period	<u>67,253</u>	<u>43,554</u>
Cash and cash equivalents at end of period	<u>67,532</u>	<u>83,791</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	76,739	92,360
Bank overdrafts	(9,207)	(8,569)
	<u>67,532</u>	<u>83,791</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 30th September,	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Total shareholders' fund at 1st April (Audited)	1,475,136	1,909,848
Rights issue of new shares	–	38,400
Share premium, net of related expenses, arose from rights issue of new shares	–	21,690
Revaluation reserve released on disposal of land and buildings	–	(5,218)
Reduction in value arose from replacement of certain properties held for development	–	(350,000)
Exchange differences arose on consolidation of overseas subsidiaries' financial statements	–	59
Net profit/(loss) for the period	<u>11,495</u>	<u>(29,962)</u>
Total shareholders' fund at 30th September (Unaudited)	<u>1,486,631</u>	<u>1,584,817</u>

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited interim condensed financial statements of the Group are prepared in accordance with Hong Kong Statement of Standard Accounting Practices (“SSAP”) 25 (revised) “Interim financial reporting” issued by the Hong Kong Society of Accountants. The accounting policies and basis of preparation adopted are the same as those used in the annual financial statements for the year ended 31st March, 2002, except that the following new/revised SSAPs issued by the Hong Kong Society of Accountants with effect from 1st January, 2002 have been newly adopted by the Group:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting
SSAP 34	:	Employee benefits

Other than certain presentational changes made pursuant to SSAP1 (revised) “Presentation of financial statements” and SSAP15 (revised) “Cash flow statements”, the adoption of the above new/(revised) SSAPs have no material impact on the unaudited interim condensed financial statements for the six months ended 30th September, 2002.

2. Segmental information

The Group’s turnover and contribution to profit/(loss) from operating activities analysed by principal activity are as follows:

	Property development		Property investment		(Unaudited) Property management		Corporate and others		Consolidated	
					Six months ended 30th September,					
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Segment revenue:										
Sales to external customers	<u>262,323</u>	<u>78,263</u>	<u>15,435</u>	<u>12,214</u>	<u>567</u>	<u>621</u>	<u>-</u>	<u>-</u>	<u>278,325</u>	<u>91,098</u>
Segment results	<u>28,069</u>	<u>(18,608)</u>	<u>11,433</u>	<u>1,499</u>	<u>(322)</u>	<u>487</u>	<u>(10,882)</u>	<u>(3,045)</u>	28,298	(19,667)
Interest income									35	71
Profit/(loss) from operating activities									<u>28,333</u>	<u>(19,596)</u>

The Group’s turnover and contribution to profit/(loss) from operating activities for the periods were substantially derived from operations in the mainland of the People’s Republic of China.

3. Profit/(loss) from operating activities

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

	(Unaudited)	
	Six months ended	
	30th September,	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	2,298	1,717
Less: Amounts capitalised in properties under development	(739)	(718)
	<u>1,559</u>	<u>999</u>
Provisions and write off for diminutions in values of completed properties for sale	-	16,843
and after crediting:		
Profit on disposal of land and buildings	<u>-</u>	<u>5,118</u>

4. Finance costs

	(Unaudited)	
	Six months ended	
	30th September,	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans, overdrafts and other loans wholly repayable within five years	18,836	16,719
Less: Amounts capitalised in properties under development	(11,135)	(7,323)
	<u>7,701</u>	<u>9,396</u>

5. Tax

	(Unaudited)	
	Six months ended	
	30th September,	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Group:		
Elsewhere	<u>8,734</u>	<u>679</u>

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the period (2001: Nil).

The Group's profits tax represents tax charges on assessable profits of subsidiaries operating in the People's Republic of China ("PRC") calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations in the PRC, certain of the Group's subsidiaries enjoy income tax reductions.

6. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the net profit from ordinary activities attributable to shareholders for the period of HK\$11,495,000 (2001: net loss of HK\$29,962,000) and the weighted average number of 1,024,000,000 (2001: 983,600,616) shares in issue during the period.

As the exercise price of the outstanding share options was higher than the average market price of the Company's shares during the period ended 30th September, 2002, they exerted no dilution effect on the basic earnings per share for the period ended 30th September, 2002.

The calculation of diluted loss per share for the period ended 30th September, 2001 is based on the net loss from ordinary activities attributable to shareholders of HK\$29,962,000 and the weighted average number of 983,600,616 shares in issue during that period plus the weighted average number of 1,054,561 dilutive shares deemed to be issued at no consideration assuming that all the outstanding share options had been exercised.

7. Trade receivables

The Group's credit policy is set on a project-by-project basis taking into account the prevailing market situation for each project. An aged analysis of the trade receivables, net of provisions for bad and doubtful debts, is as follows:

	(Unaudited) 30th September, 2002 HK\$'000	(Audited) 31st March, 2002 HK\$'000
0-30 days	22,723	2,430
31-60 days	7,999	1,516
61-90 days	6,694	1,294
Over 90 days	9,674	38,124
	<u>47,090</u>	<u>43,364</u>

8. Trade payables

An aged analysis of the trade payables is as follows:

	(Unaudited) 30th September, 2002 HK\$'000	(Audited) 31st March, 2002 HK\$'000
0-30 days	8,994	7,578
31-60 days	4,524	5,731
61-90 days	32,528	368
Over 90 days	90,289	93,570
	<u>136,335</u>	<u>107,247</u>

9. Share capital

	(Unaudited) 30th September, 2002 <i>HK\$'000</i>	(Audited) 31st March, 2002 <i>HK\$'000</i>
Authorised:		
1,500,000,000 ordinary shares of HK\$0.10 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
1,024,000,000 ordinary shares of HK\$0.10 each	<u>102,400</u>	<u>102,400</u>

10. Contingent liabilities

At 30th September, 2002, the Group had given guarantees to the extent of approximately HK\$162,331,000 (31st March, 2002: HK\$171,731,000) to banks in respect of mortgage loan facilities granted by the banks to the buyers of certain properties developed by the Group and a property of which the sales were underwritten by the Group.

At 30th September, 2002, the Company had given guarantees to the extent of approximately HK\$232,055,000 (31st March, 2002: HK\$232,055,000) to banks for facilities granted to its subsidiaries.

11. Commitments

Capital commitments:

	(Unaudited) 30th September, 2002 <i>HK\$'000</i>	(Audited) 31st March, 2002 <i>HK\$'000</i>
Property development expenditure:		
Contracted for	68,590	94,884
Authorised, but not contracted for	<u>912,996</u>	<u>520,751</u>
	<u>981,586</u>	<u>615,635</u>

12. Related party transaction

The Group had the following transaction with a related party during the period:

Under a licence contract dated 20th September, 1997 between Coastal International Holdings Limited (the Company's ultimate holding company) and the Company, Coastal International Holdings Limited agreed to grant to the Company, for an annual fee of HK\$10 payable by the Company under the agreement, a non-exclusive licence to use its trademark for an initial term of ten years.

The independent non-executive directors of the Company have reviewed and confirmed that the above transaction was conducted in the ordinary and usual course of the Group's business, is in accordance with the terms of the agreement governing the transaction, and is fair and reasonable so far as the shareholders of the Company are concerned.

13. Comparative figures

Due to the adoption of new/revised SSAPs for the period, certain comparative figures have been reclassified to conform with the current period's presentation.

INTERIM DIVIDEND

The directors have decided not to declare any interim dividend for the six months ended 30th September, 2002.

FINANCIAL RESOURCES AND LIQUIDITY

The Group's principal source of fund comes from the cashflow generated from property sales and leasings, supplemented by bank and other borrowings.

As at 30th September, 2002, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and bank deposits, amounted to about HK\$468 million. The net debt to equity ratio as at 30th September, 2002 is about 31.47%, which is expressed as a percentage of the net borrowings over the total net assets of the Group of about HK\$1,487 million, an increase of about 2.79% from that as at 31st March, 2002.

BORROWINGS AND CHARGES

As at 30th September, 2002, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	<i>HK\$'000</i>
Bank overdraft repayable:	
Within one year or on demand	9,207
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Bank loans repayable:	
Within one year or on demand	331,165
In the second year	130,056
In the third to fifth years, inclusive	45,539
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	506,760
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Other loans repayable:	
Within one year or on demand	63,755
In the second year	558
In the third to fifth years, inclusive	1,673
Beyond five years	11,758
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	77,744
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	593,711
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An analysis by currency denomination of the above borrowings is as follows:

	<i>HK\$'000</i>
Renmibi	487,429
Hong Kong dollars	92,582
United States dollars	13,700
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	593,711
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The bank and other borrowings bear interest rates based on normal commercial terms.

Certain of the Group's bank and other borrowings are secured by:

- (i) Certain investment properties of the Group with aggregate carrying value at 30th September, 2002 of approximately HK\$345 million;
- (ii) Certain properties under development of the Group with aggregate carrying value at 30th September, 2002 of approximately HK\$344 million;
- (iii) Certain properties held for development of the Group with aggregate carrying value at 30th September, 2002 of approximately HK\$70 million;
- (iv) Certain completed properties for sale of the Group with aggregate carrying value at 30th September, 2002 of approximately HK\$119 million ; and
- (v) Corporate guarantees from the Company and its subsidiaries.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's operations are principally in the People's Republic of China. Majority part of the Group's income and expenditure is in Renmibi. The exchange rate for Renmibi has been stable over the past few years and the directors do not foresee any circumstances that will lead to erratic fluctuation in the exchange rate for Renmibi in the foreseeable future. Therefore, the directors consider the Group does not have undue exposure to fluctuation in exchange rates.

CONTINGENT LIABILITIES

At 30th September, 2002, the Group had given guarantees to the extent of approximately HK\$162,331,000 (31st March, 2002: HK\$171,731,000) to banks in respect of mortgage loan facilities granted by the banks to the buyers of certain properties developed by the Group and a property of which the sales were underwritten by the Group.

At 30th September, 2002, the Company had given guarantees to the extent of approximately HK\$232,055,000 (31st March, 2002: HK\$232,055,000) to banks for facilities granted to its subsidiaries.

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 1,073 employees in the mainland China and Hong Kong. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing and share options.

REVIEW OF OPERATIONS

The Group's performance for the period under review has improved significantly as compare to the last corresponding period. The turnover for the six months ended 30th September, 2002 amounted to about HK\$278 million, representing an increase of about 205% over that of the last corresponding period. The net profit attributable to shareholders for the period was approximately HK\$11.50 million, a turn-around from a net loss attributable to shareholders of about HK\$29.96 million recorded in the same period last year.

The turnover for sale of properties had increased by about HK\$184 million, from the last corresponding period's about HK\$78 million to about HK\$262 million for the period. The increase was mainly due to the launches for pre-sales of Phase I of Shanghai Ritz Villa and Phase IV of Anshan Greenland IT City and the advancement in the pre-sales of Phase III of Xiamen Lu Jiang New City and Phase II of Shenzhen Dragon Court. The revenue for the period contributed from sales or pre-sales of Phase I of Shanghai Ritz Villa, Phase III and IV of Anshan Greenland IT City, Phase III of Xiamen Lu Jiang New City and Phase II of Shenzhen Dragon Court respectively accounted for 47.34%, 22.16%, 15.65% and 13.29% of the turnover for sale of properties. The balance of 1.56% was contributed from sales of the small remaining residential areas in Shanghai Golden Bridge Garden and pre-sales of Phase I of Wuhan Ritz Garden which was launched towards the period end date.

During the period, the turnover for rental income had shown a growth of 26% from the last corresponding period. The increase was mainly attributable to a significant improvement in both rental per square meter and occupancy rates in the leasing of Wuhan Wah Zhong Trade Plaza. Rental income recorded from leasing of Shanghai Golden Bridge Mansion remained weak as keen competition for commercial/office floor area in rental market continue to exert pressure on both rental per square meter and occupancy rates of this property during the period.

For property management, a drop of about 9% in turnover from the last corresponding period was recorded. The decrease was mainly attributable to lesser service income received from the management of Shanghai Golden Bridge Garden due to a change in the terms of management service contract resulting in a reduction in the rate of remuneration. Management services provided to other properties remained stable during the period.

Owing to business expansion, the Group has strengthened its business development and planning functions and accordingly there is an increase in administrative expenses for the period.

For the six months ended 30th September, 2002, the Group recorded a net profit attributable to shareholders amounted to HK\$11.50 million, compared to a net loss attributable to shareholders of about HK\$29.96 million for the last corresponding period. The improvement in the operating results was mainly attributable to the following:

- (1) The Group had gone through a consolidation period in its operations over the last few years, and no further significant provision for impairment of properties was required to be made for the period;
- (2) During the period, satisfactory results were achieved from the sale and pre-sales of properties, namely Phase I of Shanghai Ritz Villa, Phases III and IV of Anshan Greenland IT City and Phase III of Xiamen Lu Jiang New City; and
- (3) A significant improvement in the rental per square meter and occupancy rates in the leasing of Wuhan Wah Zhong Trade Plaza.

PROSPECTS

The Group has achieved a well improved results in the first half of the financial year. It is anticipated that the economic climate in the PRC will maintain its present upward trend. The demand for residential properties in the PRC market is expected to sustain at a steady and satisfactory level although competition in this market segment will remain keen. It is expected that the Group's development projects will be generating satisfactory revenue for the Group and there will be a positive progression in the performance of the Group in the second half of the financial year.

DIRECTORATE

Mr. Lin Bao Sheng and Mr. Wei Xiang Di resigned from the office of non-executive directors on their own accord with effect from 2nd December, 2002. The directors would like to express its appreciation to Mr. Lin and Mr. Wei for their valuable contribution to the Group during their tenure.

DIRECTORS' INTERESTS IN SHARES

At 30th September, 2002, the interests of the directors in the share capital of the Company or its associated companies, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

(i) Interests in the ordinary shares of the Company

Name of directors	Notes	Number of shares held and nature of interest	
		Personal	Corporate
Chan Boon Teong	(a) and (b)	–	543,680,000
Jiang Ming	(a) and (b)	–	543,680,000
Tao Lin	(a) and (b)	–	543,680,000
Cheng Wing Bor	(a) and (b)	–	543,680,000
Lin Chen Hsin	(a) and (b)	480,000	543,680,000

(ii) Interests in the non-voting deferred shares of HK\$1 each in Coastal Realty Development Co. Limited, a subsidiary of the Company

Name of directors	Note	Number of shares held and nature of interest	
		Personal	Corporate
Chan Boon Teong	(c)	6,000,000	5,000,000
Jiang Ming	(c)	4,000,000	5,000,000
Lin Chen Hsin	(c)	1,000,000	5,000,000
Tao Lin	(c)	–	5,000,000
Cheng Wing Bor	(c)	–	5,000,000

Notes:

- 497,600,000 shares are beneficially owned by Coastal International Holdings Limited ("CIH") of which the entire issued voting share capital is held as to 24% by Chan Boon Teong, 32% by Jiang Ming, 5% by Tao Lin, 1% by Cheng Wing Bor, 3% by Lin Chen Hsin, 25% by Great Scope Limited (the entire issued voting share capital of which is held by Jiang Ming) and 7.5% by Roseford Resources Limited (the entire issued voting share capital of which is held by CIH). These 497,600,000 shares represent an aggregate of approximately 48.59% of the issued share capital of the Company.
- 46,080,000 shares are beneficially owned by Glory View Investments Limited of which the entire issued voting share capital is held by CIH. The entire issued voting share capital of CIH is held in the manner as stated in the foregoing note (a). These 46,080,000 shares represent an aggregate of 4.5% of the issued share capital of the Company.
- 5,000,000 non-voting deferred shares are held by Chunghwa Electronics Co. Ltd., which is 97% owned by Coastal Enterprise Group Limited, of which the entire issued voting share capital is held by CIH. The entire issued voting share capital of CIH is held in the manner as stated in the foregoing note (a).

Save as disclosed above, at 30th September, 2002, none of the directors or their associates had any personal, family, corporate or other interest in the equity securities of the Company or any of its associated corporations, as defined in the SDI Ordinance. In addition, no options under the Company's share option scheme approved at the special general meeting of the Company held on 20th September, 1997 (the "Scheme 1997" which was terminated on 30th August, 2002) and share option scheme approved at the annual general meeting of the Company held on 24th September, 2002 (the "Scheme 2002") were granted to, exercised by or held by any director during the period, apart from as disclosed under the heading "Share option scheme" below.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Share option scheme" 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 and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

On 20th September, 1997, the Company adopted a share option scheme (the "Scheme 1997"). Following the amendments to the Listing Rules regarding share option scheme announced by the Stock Exchange of Hong Kong Limited, the Company terminated the Scheme 1997 on 30th August, 2002 and adopted a new share option scheme (the "Scheme 2002") in compliance with the amendments to the Listing Rules on 24th September, 2002 at the Company's annual general meeting. All the outstanding share options granted under the Scheme 1997 prior to its termination shall continue to valid and exercisable in accordance with the provisions of the Scheme 1997.

The purpose of the Scheme 2002 is to provide incentives or rewards to Participants (as defined in the Scheme 2002, and include the employees and directors of the Company and its subsidiaries) thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The principal terms of the Scheme 2002 are summarised in appendix II to the Company's circular dated 30th August, 2002.

The following share options were outstanding under the Scheme 1997 during the period:

Name or category of participant	At 1st April, 2002	Number of share options			At 30th September, 2002	Date of grant of share options(1)	Exercise period of share options(3)	Exercise price of share options(2) HK\$
		Grant during the period	Exercise during the period	Lapsed during the period				
Directors								
Chan Boon Teong	6,400,000	-	-	-	6,400,000	20th May, 2000	1st October, 2000 to 19th September, 2007	0.20
Jiang Ming	6,400,000	-	-	-	6,400,000	20th May, 2000	1st October, 2000 to 19th September, 2007	0.20
Tao Lin	6,400,000	-	-	-	6,400,000	20th May, 2000	1st October, 2000 to 19th September, 2007	0.20
Cheng Wing Bor	6,400,000	-	-	-	6,400,000	20th May, 2000	1st October, 2000 to 19th September, 2007	0.20
Lin Chen Hsin	1,600,000	-	-	-	1,600,000	20th May, 2000	1st October, 2000 to 19th September, 2007	0.20
Other employees								
In aggregate	35,520,000	-	-	-	35,520,000	20th May, 2000	1st October, 2000 to 19th September, 2007	0.20
	<u>62,720,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,720,000</u>			

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) 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 Company's share capital.
- (3) The share options are exercisable in tranches during the period from 1st October, 2000 to 19th September, 2007, as specified in the share option certificates.

The exercise price of the share options granted is above the market price of the Company's shares as at 30th September, 2002 and accordingly, the directors are of the view that the disclosure of the value of the share options granted is not meaningful.

Up to the date of this report, no options under the Scheme 2002 were granted since its adoption on 24th September, 2002.

SUBSTANTIAL SHAREHOLDERS

Apart from the interests of Coastal International Holdings Limited as disclosed in the "Directors' interests in shares" section, no person had registered an interest amounting to 10% or more in the issued share capital of the Company at 30th September, 2002 in the register kept by the Company under Section 16(1) of the SDI Ordinance.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report, except that the non-executive directors are not appointed for specific terms as required by paragraph 7 of the Code of Best Practice but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws. The Company has established an audit committee in accordance with paragraph 14 of the Code of Best Practice.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2002.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including the review of the interim condensed financial statements which have not been audited.

By Order of the Board
Chan Boon Teong
Chairman

Hong Kong, 20th December, 2002