



Alpha General (Holdings) Limited
第一珍寶(集團)有限公司



Interim Report | 2002



INDEPENDENT REVIEW REPORT

德勤 • 關黃陳方會計師行

Certified Public Accountants
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**Deloitte
Touche
Tohmatsu**

TO THE BOARD OF DIRECTORS OF ALPHA GENERAL (HOLDINGS) LIMITED
(incorporated in Bermuda with limited liability)

Introduction

We have been instructed by Alpha General (Holdings) Limited (the “Company”) to review the interim financial report set out on pages 5 to 14.

Directors’ responsibilities

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

Review of work performed

We conducted our review in accordance with Statement of Auditing Standards 700 “Engagements to Review Interim Financial Reports” issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 17 December 2002

Interim Results

For the six months ended 30 September 2002, turnover was approximately HK\$219,266,000, representing a decrease of about 27% from the corresponding period of last year (2001: HK\$302,090,000). Profit attributable to shareholders was about HK\$1,727,000 (2001: HK\$11,982,000). Earnings per share were 0.04 HK cent (2001: 0.30 HK cent).

Business Review

During the period under review, even sluggish market sentiment in Hong Kong continued to affect the Group's business, the Group strove to maintain turnover in Hong Kong due to the return of long-term brand equity investment and effective cost control measures. Cost control measures such as scaling down of salary level was implemented. On the other hand, the Group also broadened its income source through the expansion of its product range. However, the PRC operation recorded a loss which worsened the overall performance of the Group.

For the period under review, Hong Kong remained as the principal market for the Group while continued efforts were also placed to explore new markets in the PRC.

The pace of global economic recovery remained sluggish during the period under review. Adverse external economic factors continued to impact the general business environment, which inevitably hampered the performance of the Group. Consumer prices in Hong Kong fell by 3.1% in the first ten months of 2002, and retail sales were down by 4.6% in value or 3.1% in volume in the first nine months of 2002, according to information released by the Trade Development Council. On the other hand, the 2002 World Cup fever has contributed to a better than expected sales performance of the Group's plasma and LCD TV.

Business in Hong Kong and Macau

Hong Kong's economy experienced persistent downturn during the period under review. With leverage on the Group's effective cost control and brand name effect, the Group managed to maintain a turnover in Hong Kong and Macau at HK\$182,142,000 (2001: HK\$192,149,000), representing a slight decrease of 5% when compared with the corresponding period last year.

Retail market

The Group's retail business was affected to a large extent by the sluggish economy. Consumers were more cautious about spending on the back of a reduced consumption power and the persistently high unemployment rate. Nevertheless, the completion of projects from education sector represented a favourable contribution to the Group's retail business and generated revenue to the Group.



During the period under review, the household appliance industry continued to experience vigorous price war with introduction of various new brands at decreasing price level. The sales performance of "FUJI ELECTRIC", which targeted mass customers, was adversely affected. On the other hand, the "OGENERAL" air-conditioner, which targeted medium-to-high end users, remained as one of the top selling brands in Hong Kong.

"OGENERAL" VRF system is a new combination of three compressors and power accumulation technology assuring a smooth and efficient operation for the required capacity, has been launched into the market. The easy installation and maintenance, as well as the energy saving advantages of the system represent an efficient and environmental friendly alternative to the traditional air-conditioner.

Moreover, the 2002 FIFA World Cup held between May and June 2002 has boosted the sale of the Group's televisions, plasma displays and related products. The newly launched "LG" Plasma and LCD television, as well as the "FUJITSU" Plasma Display panel recorded satisfactory results during the period under review.

The sale of other household appliances including the "GALA" refrigerators and washing machines, which were non-seasonal, maintained a stable performance and contributed to the Group's satisfactory results.

Project market

For project business which supplies and installs window and split type air-conditioners for new property developments in Hong Kong, its sales performance was influenced by the reduced public housing and private housing construction and the unfavourable second-hand property market. For the period under review, the revenue from uncompleted projects will be recognized in the coming years. As at 30 September 2002, the Group had on hand total contract sum amounted to approximately HK\$80,000,000.

Business in the PRC

During the period under review, the competition of the electrical appliance market in the PRC remained fierce coupled with cool summer. Industry players resorted to price war at ever-decreasing price level. The Group was not in a good position to reduce the price without support from the manufacturer Fujitsu General's Shanghai factory. Turnover decreased approximately 66% as compared with last year and the PRC operation recorded negative contribution.

Prospects

Looking forward, the Group plans to diversify its product mix in order to attain a balanced product portfolio and income source. The Group has successfully secured the premium new product “Goldline” gas built-in hob which is believed very promising. Also, more “LG” LCD television models are added to its line-up sold by the Group in Hong Kong.

In addition, it is very encouraging that the sale of the refrigerators and washing machines under the brand name of “GALA” proved to be successful. The Group will continue to commit to identify high potential new products to further expand the product range and to grasp the opportunity that bring forth. In addition, the Group will keep on identifying new investments related to new technology to capitalize on additional business opportunities.

For the PRC market, the Group has successfully established the distribution network throughout the past five years. The Group believed that the network would form a solid foundation for the Group to explore the market. In the meantime, the Group is trying its best endeavors to negotiate a better term with the manufacturer paving the way to realize the extensive distribution network.

In addition, the Group believes that the PRC’s accession to the WTO and the winning of the hosting country of 2008 Olympic Games will open up numerous business opportunities for the Group. It will certainly grasp the golden opportunity of significant growth of the electrical appliance market in the PRC by utilizing its management experience and further explore its sales network. The Group will continue to boost the Group’s brand name in the electrical appliance market and establish partnership with regional dealers. The latter will be done by guaranteeing favorable rebate terms and providing comprehensive sales and after-sales support to dealers in response to the keen competition in air-conditioning industry.

In view of the Group’s operation in the PRC which experienced a loss during the period under review, the Group will exercise prudent management measures and downsize the operation in the PRC in order to minimize the impact. The Group endeavors to generate promising return to its shareholders and the Group as a whole.

Employment and Remuneration Policy

As at 30 September 2002, the Group employed approximately 180 employees, of which about 135 in Hong Kong and 45 in the PRC. The remuneration policy and package of the Group’s employees are based on industry’s practices. In addition, discretionary bonus and other merit payments are linked to the profit performance of the Group and individual performance as recognition and reward for value creation. Its staff benefits, welfare and statutory contributions if any, are made in accordance with prevailing labour laws of its operating entities.



Condensed Consolidated Income Statement*For the six months ended 30 September 2002*

		Six months ended	
	<i>NOTES</i>	30.9.2002 <i>HK\$'000</i> (unaudited)	30.9.2001 <i>HK\$'000</i> (unaudited)
Turnover	3	219,266	302,090
Cost of sales		(167,461)	(218,946)
Gross profit		51,805	83,144
Other operating income		632	643
Interest income		4	378
Distribution costs		(14,972)	(34,234)
Administrative expenses		(33,655)	(34,438)
Profit from operations	4	3,814	15,493
Finance costs		(858)	(938)
Profit before taxation		2,956	14,555
Taxation	5	(1,229)	(2,573)
Net profit for the period		1,727	11,982
Dividends	6	—	(3,916)
Earnings per share	7		
— Basic		0.04 cent	0.30 cent
— Diluted		0.04 cent	0.30 cent



Condensed Consolidated Balance Sheet

At 30 September 2002

	NOTES	30.9.2002 HK\$'000 (unaudited)	31.3.2002 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	62,974	63,778
Investments in securities		400	400
Club debenture		753	753
		<u>64,127</u>	<u>64,931</u>
Current assets			
Inventories		173,363	221,846
Trade and other receivables	9	103,818	138,551
Taxation recoverable		1,261	2,430
Bank balances and cash		62,716	64,138
		<u>341,158</u>	<u>426,965</u>
Current liabilities			
Trade and other payables	10	46,279	115,650
Bank borrowings —			
due within one year	11	37,872	52,627
Amount due to a related company	12	6,000	6,000
Taxation payable		1,225	1,225
Dividend payable		2,147	—
		<u>93,523</u>	<u>175,502</u>
Net current assets		<u>247,635</u>	<u>251,463</u>
Total assets less current liabilities		<u>311,762</u>	<u>316,394</u>



	NOTES	30.9.2002 HK\$'000 (unaudited)	31.3.2002 HK\$'000 (audited)
Non-current liabilities			
Amount due to a related company	12	18,000	21,000
Deferred taxation		2,223	2,223
		<u>20,223</u>	<u>23,223</u>
		<u>291,539</u>	<u>293,171</u>
CAPITAL AND RESERVES			
Share capital	13	39,043	39,159
Reserves		252,496	254,012
		<u>291,539</u>	<u>293,171</u>

The financial statements on pages 5 to 14 were approved and authorised for issue by the Board of Directors on 17 December 2002 and are signed on its behalf by:

Chu Ka Lok, Peter
Director

Chan Kai Kwok
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2002

	Share capital HK\$'000	Share premium HK\$'000	Dividend reserve HK\$'000	Special reserve HK\$'000	PRC statutory reserve HK\$'000	Capital redemption reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2001	38,660	53,868	5,799	3,382	1,259	—	190,953	293,921
Exercise of share options	900	1,576	—	—	—	—	—	2,476
Repurchase of shares	(401)	(885)	—	—	—	—	—	(1,286)
2001 final dividend paid	—	—	(5,799)	—	—	—	—	(5,799)
Transfer from accumulated profits	—	—	—	—	50	—	(50)	—
Transfer upon repurchase of shares	—	—	—	—	—	401	(401)	—
Net profit for the period	—	—	—	—	—	—	11,982	11,982
At 30 September 2001	39,159	54,559	—	3,382	1,309	401	202,484	301,294
2002 interim dividend proposed	—	—	3,916	—	—	—	(3,916)	—
2002 interim dividend paid	—	—	(3,916)	—	—	—	—	(3,916)
Net loss for the period	—	—	—	—	—	—	(4,207)	(4,207)
At 31 March 2002	39,159	54,559	—	3,382	1,309	401	194,361	293,171
2002 final dividend payable	—	—	—	—	—	—	(3,133)	(3,133)
Repurchase of shares	(116)	(110)	—	—	—	—	—	(226)
Transfer upon repurchase of shares	—	—	—	—	—	116	(116)	—
Net profit for the period	—	—	—	—	—	—	1,727	1,727
At 30 September 2002	<u>39,043</u>	<u>54,449</u>	<u>—</u>	<u>3,382</u>	<u>1,309</u>	<u>517</u>	<u>192,839</u>	<u>291,539</u>

Condensed Consolidated Cash Flow Statement*For the six months ended 30 September 2002*

	Six months ended	
	30.9.2002	30.9.2001
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	19,236	85,536
NET CASH USED IN INVESTING ACTIVITIES	(833)	(2,180)
NET CASH USED IN FINANCING ACTIVITIES	(20,231)	(44,895)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,828)	38,461
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	61,405	10,495
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	59,577	48,956
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	62,716	52,079
Bank overdrafts	(3,139)	(3,123)
	59,577	48,956



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 (the “HKSA”) 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.

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 as described below.

In the current period, the Group has adopted, for the first time, the following new and revised SSAPs issued by the HKSA:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 34	Employee benefits

The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, but has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. Turnover and segment information

Substantially all of the Group’s turnover and contribution to results were derived solely from the trading of consumer electrical appliances during the period.

For management purposes, the Group is currently organised into two geographical segments — Hong Kong and Macau and the People’s Republic of China (the “PRC”). These geographical segments are the basis on which the Group reports its primary segment information.



Segment information about these geographical segments is presented below:

	Six months ended 30.9.2002			Six months ended 30.9.2001		
	Hong Kong and Macau HK\$'000	The PRC HK\$'000	Total HK\$'000	Hong Kong and Macau HK\$'000	The PRC HK\$'000	Total HK\$'000
Turnover	<u>182,142</u>	<u>37,124</u>	<u>219,266</u>	<u>192,149</u>	<u>109,941</u>	<u>302,090</u>
Results	<u>5,281</u>	<u>(1,467)</u>	<u>3,814</u>	<u>11,626</u>	<u>3,867</u>	<u>15,493</u>
Finance costs			<u>(858)</u>			<u>(938)</u>
Profit before taxation			<u>2,956</u>			<u>14,555</u>
Taxation			<u>(1,229)</u>			<u>(2,573)</u>
Net profit for the period			<u>1,727</u>			<u>11,982</u>

4. Profit from operations

Profit from operations has been arrived at after charging depreciation and amortisation of HK\$1,650,000 (six-months ended 30 September 2001: HK\$1,311,000) in respect of the Group's property, plant and equipment.

5. Taxation

	Six months ended 30.9.2002 HK\$'000	30.9.2001 HK\$'000
The charge comprises:		
Hong Kong Profits Tax for current period	897	2,010
Underprovision of tax in other jurisdictions in the prior years	<u>332</u>	<u>563</u>
	<u>1,229</u>	<u>2,573</u>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the period.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

6. Dividends

On 27 August 2002, a final dividend of 0.08 HK cent per share (2001: 0.15 HK cent) was approved by the shareholders for the year ended 31 March 2002.

The directors do not recommend the payment of any interim dividend (2001: 0.10 HK cent).

7. Earnings per share

The calculation of the basic and diluted earnings per share for the period is based on the following data:

	Six months ended 30.9.2002 HK\$'000	30.9.2001 HK\$'000
Earnings for the purposes of basic and diluted earnings per share		
Net profit for the period	<u>1,727</u>	<u>11,982</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,915,221,945	3,939,422,142
Effect of dilutive potential ordinary shares:		
Share options	<u>N/A</u>	<u>24,128,901</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>3,915,221,945</u>	<u>3,963,551,043</u>

The computation of diluted earnings per share for the six months ended 30 September 2002 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price of the shares for the period.

8. Property, plant and equipment

During the period, the Group spent approximately HK\$933,000 on additions of property, plant and equipment.



9. Trade and other receivables

The Group allows a credit period of 30 days to its retail customers and average credit period of 30 days after the issuance of architect certificate for project customers. The following is an aged analysis of trade receivables at the reporting date:

	30.9.2002 <i>HK\$'000</i>	31.3.2002 <i>HK\$'000</i>
0 — 30 days	20,786	36,346
31 — 60 days	18,400	33,230
> 60 days	52,480	53,889
	<hr/>	<hr/>
Other receivables	91,666 12,152	123,465 15,086
	<hr/>	<hr/>
	103,818	138,551
	<hr/> <hr/>	<hr/> <hr/>

10. Trade and other payables

The following is an aged analysis of trade payables at the reporting date:

	30.9.2002 <i>HK\$'000</i>	31.3.2002 <i>HK\$'000</i>
0 — 30 days	7,429	57,153
31 — 60 days	475	8,127
> 60 days	24,008	36,375
	<hr/>	<hr/>
Other payables	31,912 14,367	101,655 13,995
	<hr/>	<hr/>
	46,279	115,650
	<hr/> <hr/>	<hr/> <hr/>

11. Bank borrowings — Due within one year

	30.9.2002 <i>HK\$'000</i>	31.3.2002 <i>HK\$'000</i>
Bank borrowings comprise the following:		
Trust receipt loans	2,957	13,445
Bank loans and overdrafts	34,915	39,182
	<hr/>	<hr/>
	37,872	52,627
	<hr/> <hr/>	<hr/> <hr/>

12. Amount due to a related company

The amount represents balance due to Napson Trading Limited ("Napson"), a company in which Mr. Chu Ka Lok, Peter, one of the Company's directors, has a beneficial interest. The amount is unsecured, interest-free and repayable by 60 consecutive monthly instalments of HK\$500,000 each from October 2001. The amount repayable within one year is classified as a current liability.

13. Share capital

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each:		
— balance at 1 April 2001, 1 April 2002 and 30 September 2002	6,000,000,000	60,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each:		
— balance at 31 March 2002	3,915,844,000	39,159
— repurchase of shares	(11,566,000)	(116)
— balance at 30 September 2002	3,904,278,000	39,043

During the period, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited as follows:

Month of repurchases	No. of ordinary shares of HK\$0.01 each	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
September 2002	11,566,000	0.02	0.018	225,989

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

Directors' Interest in Shares of the Company and its Associated Corporations

At 30 September 2002, the interests of the directors and their associates in the share capital of the Company and its associated corporations recorded in the register kept by the Company pursuant to section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") of the Company were as follows:

(I) The Company

(a) Shares

Name of director	Number of Shares of HK\$0.01 each	
	Personal interests	Other interests
Mr. Chu Ka Lok, Peter	67,340,000	2,365,200,000 (Note)
Mr. Wat Hon Keung	18,660,000	—
Mr. Chan Kai Kwok	18,710,000	—
Ms. Chu Maria Teresa	80,000,000	—

Notes: These shares were held by Charmwood Development Limited. The entire issued share capital of Charmwood Development Limited is held by the trustee of a discretionary trust in which Mr. Chu Ka Lok, Peter is included as a beneficiary. He therefore has "Other Interests" in such number of shares as described in Practice Note 5 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Options

At 30 September 2002, the Directors had personal interests in share options to subscribe for shares in the Company at an exercise price of HK\$0.02752 and HK\$0.0396 per share granted on 17 April 2001 and 17 December 2001 respectively, exercisable within a ten year period from the date of the grant as follows:

Name of director	Number of Shares in options		
	Granted on 17 April 2001	Granted on 17 December 2001	Outstanding
Mr. Chu Ka Lok, Peter	90,000,000	—	30,000,000
Ms. Chu Maria Teresa	60,000,000	—	30,000,000
		2,000,000	2,000,000
Mr. Chan Kai Kwok	—	10,000,000	10,000,000
Mr. Wat Hon Keung	—	10,000,000	10,000,000

No share options were granted nor exercised during the period.

(II) Shares in subsidiaries

At 30 September 2002, the following director held "Other Interests" in the non-voting deferred shares in Alpha Appliances Limited, a 100% owned subsidiary of the Company, as follows:

Name of director	Number of non-voting deferred shares
Mr. Chu Ka Lok, Peter	50,000 (Note)

Note: 49,999 shares were held by Charmwood Development Limited and 1 share was held by Reredos Corporation which share was in turn held in trust for Charmwood Development Limited. The entire issued share capital of Charmwood Development Limited is held by the trustee of a discretionary trust in which Mr. Chu Ka Lok, Peter is included as a beneficiary. He therefore has "Other Interests" in such number of non-voting deferred shares as described in Practice Note 5 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In addition, a number of directors held non-beneficial interest in shares in certain subsidiaries as nominees.

Save as disclosed above, none of the directors, chief executives or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or its associated corporations (as defined in the SDI Ordinance) as recorded in the register required to be kept under Section 29 of the SDI Ordinance.

Directors' Right to Acquire Shares

At no time during the period under review was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Company's directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.



Liquidity and capital resources

The Group generally finances its operations with internally generated cash flow and facilities provided by bankers in Hong Kong.

During the six months ended 30 September 2002, the Group generated a net cash inflow from operating activities of approximately HK\$19 million as compared to a net cash inflow of approximately HK\$85 million in corresponding period last year. As at 30 September 2002, the current ratio of the Group was 3.6.

Taking into consideration the anticipated internally generated funds and the available unutilized banking facilities, the Directors believe that the Group has sufficient resources to meet its foreseeable capital expenditure and working capital requirements.

Substantial shareholders

As at 30 September 2002, according to the register kept under Section 16(1) of the SDI Ordinance, the only shareholder who had an interest in 10% or more of the issued share capital of the Company was Charmwood Development Limited which held 2,365,200,000 shares. This interest has also been disclosed as an interest of Mr. Chu Ka Lok, Peter in the disclosure of directors' interest in shares of the Company above.

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance as at 30 September 2002.

Compliance with Code of Best Practice

The Company has complied throughout the period under review with those paragraphs of the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited, with which it is required to report compliance.

Audit committee

The Audit Committee of the Company has reviewed the unaudited interim financial statements of the Company for the six months ended 30 September 2002.

Purchase, sale or redemption of listed securities

During the period under review, the Company repurchased a total of 11,566,000 shares of HK\$0.01 each of the Company on The Stock Exchange of Hong Kong Limited, all of which were cancelled. The repurchases of the Company's shares during the period under review were effected by the directors, pursuant to the mandate from the shareholders, with a view to benefiting shareholders as a whole by enhancing the net asset value and earnings per share of the Company. Details of the repurchased shares are as follows:

Month of repurchase	Number of shares repurchased HK\$	Price per share		Total price paid
		Highest HK\$	Lowest HK\$	
September 2002	11,566,000	0.02	0.018	225,989

Save as disclosed above, the Company did not redeem any of its listed securities during the period under review. Neither the Company, nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 September 2002.

Appreciation

Last but not the least, I would like to express my sincere gratitude to our teams for their hard work and dedicated efforts, and to our customers for their continual support for our products and services, and our shareholders for their trust and support.

By Order of the Board
Chu Ka Lok, Peter
Chairman

HKSAR, 17 December 2002

