



UNAUDITED INTERIM RESULTS

The Board of Directors of Nam Hing Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2002 together with the comparative figures for the corresponding previous period as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended 30 September	
	Notes	2002 HK\$'000 (Unaudited)	2001 HK\$'000 (Unaudited)
TURNOVER	2	126,467	120,974
Cost of sales		(104,106)	(97,951)
Gross profit		22,361	23,023
Other revenue		337	438
Selling and distribution costs		(3,262)	(3,387)
Administration expenses		(10,819)	(13,181)
Other operating expenses		(1,195)	(855)
PROFIT FROM OPERATING ACTIVITIES	3	7,422	6,038
Finance costs		(3,455)	(4,270)
PROFIT BEFORE TAX		3,967	1,768
Tax	4	(140)	(290)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		3,827	1,478
INTERIM DIVIDEND	5	HK1 cent	-
EARNINGS PER SHARE	6		
- Basic		HK1.030 cents	HK0.398 cent
- Diluted		HK1.029 cents	HK0.397 cent



CONDENSED CONSOLIDATED BALANCE SHEET

		30 September 2002 HK\$'000 (Unaudited)	31 March 2002 HK\$'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Fixed assets		193,499	195,655
Trademark		2,185	2,177
		195,684	197,832
CURRENT ASSETS			
Trade debtors	7	56,995	44,688
Other debtors, prepayments and deposits		11,266	9,334
Inventories		40,878	39,246
Properties held for resale		20,000	20,000
Tax recoverable		–	21
Pledged fixed deposits		9,038	3,000
Cash and bank balances		6,320	5,678
		144,497	121,967
CURRENT LIABILITIES			
Trade creditors	8	28,990	20,526
Bills payable		9,653	5,341
Other creditors and accruals		12,160	10,894
Tax payable		210	397
Interest-bearing bank loans and other borrowings		56,187	56,476
Finance lease creditors		5,895	5,668
		113,095	99,302
NET CURRENT ASSETS		31,402	22,665
TOTAL ASSETS LESS CURRENT LIABILITIES		227,086	220,497
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		12,324	7,552
Finance lease creditors		4,445	7,414
		16,769	14,966
		210,317	205,531
CAPITAL AND RESERVES			
Share capital		37,081	37,185
Reserves		169,528	168,346
Declared interim dividend		3,708	–
		210,317	205,531



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended	
	30 September	
	2002	2001
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total equity as at 1 April	205,531	227,282
Exchange differences on translation of the financial statements of overseas subsidiaries	1,132	1,121
Net gains not recognised in the condensed consolidated profit and loss account	1,132	1,121
Net profit from ordinary activities attributable to shareholders	3,827	1,478
Final dividend	-	(3,718)
Issue of shares under share option scheme	63	8
Repurchase of shares	(236)	-
Total equity as at 30 September	210,317	226,171



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 September	
	2002 HK\$'000 (Unaudited)	2001 HK\$'000 (Unaudited)
Net cash inflow/(outflow) from operating activities	7,972	(9,396)
Net cash outflow from investing activities	(10,988)	(11,756)
Net cash (outflow)/inflow from financing activities	(3,725)	13,973
Net decrease in cash and cash equivalents	(6,741)	(7,179)
Cash and cash equivalents as at 1 April	(16,242)	(23,604)
Foreign exchange adjustments	236	159
Cash and cash equivalents as at 30 September	<u>(22,747)</u>	<u>(30,624)</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,320	5,933
Bank overdrafts	(20,351)	(11,852)
Trust receipt loans with maturities at inception of less than three months	(8,716)	(24,705)
	<u>(22,747)</u>	<u>(30,624)</u>

NOTES

1. Basis of preparation and impact of new and revised Statements of Standard Accounting Practice ("SSAPs")

These unaudited condensed consolidated interim financial statements ("interim financial statements") are prepared in accordance with the SSAP 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants and the disclosure requirements set out in the Appendix 16 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended 31 March 2002 (the "AFS").



The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the AFS except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised):	Presentation of financial statements
SSAP 11 (revised):	Foreign currency translation
SSAP 15 (revised):	Cash flow statements
SSAP 25 (revised):	Interim financial reporting
SSAP 33:	Discontinuing operations
SSAP 34:	Employee benefits

The adoption of these SSAPs has no material effect on the interim financial statements for the current and prior periods.

2. Segment information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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

- (a) the manufacture and sale of laminates segment is a supplier of industrial laminates mainly for use in the manufacture of audio and visual household products, telecommunications and computer-related products;
- (b) the manufacture and sale of printed circuit boards ("PCBs") segment is a supplier of PCBs mainly for use in audio and visual household products; and
- (c) the manufacture and sale of copper foils segment is a supplier of copper foil mainly for use in the manufacture of industrial laminates and PCBs.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.



An analysis of the Group's revenues and results for the period by business segment is as follows:

	Six months ended 30 September 2002				
	Manufacture and sale of laminates	Manufacture and sale of PCBs	Manufacture and sale of copper foils	Eliminations	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Segment revenue:					
Sale to external customers	80,954	44,497	1,016	-	126,467
Intersegment sales	14,841	-	19,923	(34,764)	-
Other revenue	1,169	195	62	(1,089)	337
Total	<u>96,964</u>	<u>44,692</u>	<u>21,001</u>	<u>(35,853)</u>	<u>126,804</u>
Segment results	<u>25,451</u>	<u>19,082</u>	<u>(1,164)</u>	<u>(35,356)</u>	8,013
Interest income					71
Unallocated expenses					<u>(662)</u>
Profit from operating activities					7,422
Finance costs					<u>(3,455)</u>
Profit before tax					3,967
Tax					<u>(140)</u>
Net profit from ordinary activities attributable to shareholders					<u>3,827</u>



Six months ended 30 September 2001

	Manufacture and sale of laminates	Manufacture and sale of PCBs	Manufacture and sale of copper foils	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:					
Sale to external customers	71,314	43,925	5,735	-	120,974
Intersegment sales	15,304	-	19,101	(34,405)	-
Other revenue	1,355	81	53	(1,051)	438
Total	<u>87,973</u>	<u>44,006</u>	<u>24,889</u>	<u>(35,456)</u>	<u>121,412</u>
Segment results	<u>16,547</u>	<u>19,138</u>	<u>4,778</u>	<u>(33,914)</u>	6,549
Interest income					17
Unallocated expenses					(528)
Profit from operating activities					6,038
Finance costs					(4,270)
Profit before tax					1,768
Tax					(290)
Net profit from ordinary activities attributable to shareholders					<u>1,478</u>



An analysis of the Group's turnover and profit from operating activities for the period by geographical segment is as follows:

	Turnover		Profit from operating activities	
	Six months ended 30 September		Six months ended 30 September	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
The People's Republic of China (the "PRC")				
Hong Kong	105,252	96,892	6,207	4,145
Elsewhere	7,565	5,938	425	25
Overseas	13,650	18,144	790	1,868
	<u>126,467</u>	<u>120,974</u>	<u>7,422</u>	<u>6,038</u>

3. Profit from operating activities

Profit from operating activities is arrived at after charging:

	Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	<u>8,101</u>	<u>8,702</u>



4. Tax

	Six months ended	
	30 September	
	2002	2001
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision for the period:		
PRC	120	–
Overseas	20	290
	140	290

No provision for Hong Kong profits tax has been made as the Group has no assessable profits which were earned in or derived from Hong Kong during the period. Taxes on profits assessable elsewhere in the PRC have been calculated at the applicable rates of tax prevailing in the regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The overseas tax represents corporate income tax (“CIT”) payable by a subsidiary operating in Thailand. The CIT is charged at 30% (2001: 30%) on the income earned from non-promoted activities as defined by the Board of Investment in Thailand (the “Board of Investment”). The subsidiary received promotional privileges from the Board of Investment under promotion certificates issued for the manufacture of copper foil. Under these privileges, this subsidiary was exempted from certain taxes and duties as detailed in the certificates, including exemption from CIT for a period of seven years from the date of commencement of the promoted business of this subsidiary. As a promoted industry, the subsidiary is required to comply with the terms and conditions as specified in the promotion certificates.

5. Interim dividend

The Board of Directors has declared an interim dividend of HK1 cent (2001: Nil) per share for the six months ended 30 September 2002 to the shareholders whose names appear on the Register of Members of the Company on Thursday, 9 January 2003. Dividend warrants will be dispatched to the shareholders on or around Thursday, 23 January 2003.



6. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 September 2002 is based on the net profit from ordinary activities attributable to shareholders for the said period of HK\$3,827,000 (2001: HK\$1,478,000) and the weighted average of 371,691,128 (2001: 371,817,740) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 September 2002 is based on the net profit from ordinary activities attributable to shareholders for the said period of HK\$3,827,000 (2001: HK\$1,478,000). The weighted average number of shares used in the calculation is the sum of 371,691,128 (2001: 371,817,740) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 100,315 (2001: 245,916) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the period.

7. Trade debtors

An aged analysis of trade debtors at the balance sheet date is as follows:

	30 September 2002 HK\$'000 (Unaudited)	31 March 2002 HK\$'000 (Audited)
Within 3 months	37,103	29,727
4 to 6 months	16,884	12,212
Over 6 months	3,008	2,749
	<u>56,995</u>	<u>44,688</u>

The credit terms given to the customers vary, and are generally around three months, and are granted based on the financial strengths of the individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically by management.



8. Trade creditors

An aged analysis of trade creditors at the balance sheet date is as follows:

	30 September 2002 HK\$'000 (Unaudited)	31 March 2002 HK\$'000 (Audited)
Within 3 months	22,861	17,104
4 to 6 months	5,732	1,831
Over 6 months	397	1,591
	<u>28,990</u>	<u>20,526</u>

9. Contingent liabilities

	30 September 2002 HK\$'000 (Unaudited)	31 March 2002 HK\$'000 (Audited)
Debts factored with recourse	40,849	28,585
Long service payments	736	1,159
	<u>41,585</u>	<u>29,744</u>

As at 30 September 2002, the Company had guarantees given to banks in connection with facilities granted to its subsidiaries to the extent of approximately HK\$124,200,000 (31 March 2002: HK\$99,500,000), of which HK\$68,500,000 (31 March 2002: HK\$61,700,000) had been utilised.

10. Pledge of assets

As at 30 September 2002, the amount of the Group's assets pledged as security for banking facilities was approximately HK\$53,900,000 (31 March 2002: HK\$48,200,000).



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's unaudited consolidated turnover for the six months ended 30 September 2002 recorded an increment of 4.5% from HK\$120,974,000 to HK\$126,467,000. The overall gross profit margin dropped slightly from 19.0% to 17.7%. Though the gross profit had dropped by 2.9% to HK\$22,361,000, this was compensated by the Group's measures in tightening the control over operating costs and management's effort in better utilisation of the Group's financial resources. The Group reported a profit attributable to shareholders amounted to HK\$3,827,000, an improvement by 159.0% from that of the corresponding period in 2001.

In view of the sluggish economic situation, management had already taken a conservative approach for the last financial year to write off and provide for inventories, bad and doubtful debts. These adverse factors have been closely monitored with no significant impact on the current period and the Group was benefited from the conservative measures adopted.

Industrial laminate

For the six months ended 30 September 2002, the sale of laminates recorded an increase of 13.5% to HK\$80,954,000 (2001: HK\$71,314,000). The laminate selling prices were already stabilized during the period but on average 30% below that of the corresponding period in 2001. The sharp decline in selling prices was mainly attributable to the downturn of demand of laminates for producing telecommunication and computer related products. This adverse impact was completely offset by our increased sale volume achieved during the period. In August 2002, the new production line for paper laminates at our existing production plant in Zhongshan, PRC, was launched and the production capacity of the plant has been increased by 30.0%. During the period, the Group recorded a promising increase in quantity of paper and glass laminates sold by 109.0% and 32.2% respectively.

PCB

For the six months ended 30 September 2002, the PCB business recorded a slight increase in turnover of 1.3% to HK\$44,497,000 (2001: HK\$43,925,000). Though the market demand for computer and electronic telecommunication related products dropped sharply during the period, there was an increasing demand for household products and thus drove the turnover of the PCB business upward.

Copper foil

The production plant for copper foil in Thailand is a long-term strategic investment of the Group and a substantial portion of the products were supplied for internal consumption to the laminate production plant in Zhongshan, PRC. Such vertical integration can definitely maintain the



competitive edge of our industrial laminate and PCB businesses. For the six months ended 30 September 2002, the copper foil business recorded a drop in sale to external third parties of 82.3% from HK\$5,735,000 to HK\$1,016,000. The decline in external sales is a result of the increased internal consumption of copper foils especially due to the launch of the new paper laminate production line in August 2002.

PROSPECTS

Owing to the downturn of the global economy during the period, the pricing and demand of electronic products are inevitably affected. In order to maintain competitiveness within the industry, the Group would continuously adopt a conservative operating strategy, including streamlining the business structure, tightening the control over operating costs, and strengthening its credit risk management.

Despite that the current economic situation is unstable, management considered there are still enormous opportunities in the PRC after its entry into the World Trade Organisation. The Group's second laminate production plant located at Suzhou, PRC, is undergoing machineries installation and is currently well in line with our schedule. Upon completion of the Suzhou plant, the Group is able to serve the demand of laminates in the North-eastern China and be definitely benefited from the entry of the PRC into the World Trade Organisation. In addition, the exploration of the Southern China domestic market for laminates by the Group's production base at Zhongshan has an impressive progress and management expected that the promising domestic China market will be the major profit contributor to the Group in near future.

With the aim to cope with the keen market competition of the PCB business, certain new machineries have been acquired to enhance the production capacity and efficiency.

It is management's decision to place continuous emphasis on the research and development of the copper foil plant and explore new markets for this product in the Asia-Pacific Region. These actions can further enhance the quality and increase the turnover of such high technological product.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly relies upon internally generated funds as well as bank borrowings to finance its operations and expansion projects. As at 30 September 2002, the current ratio of the Group maintained stable at approximately 1.30 (31 March 2002: 1.23) and the net current assets were approximately HK\$31.4 million (31 March 2002: HK\$22.7 million), which represented an increase of 38.3% when compared with the corresponding amount at 31 March 2002. The Group's total cash and bank balances and fixed deposits with banks amounted to HK\$15.4 million (31 March 2002: HK\$8.7 million).



Owing to the low market interest rates, management considered that it is advantageous for the Group to obtain additional, but not excessive, banking facilities for expanding its production capacity and improving efficiency. The total interest-bearing borrowings slightly increased from HK\$77.1 million as at 31 March 2002 to HK\$78.9 million as at 30 September 2002, and the Group's gearing ratio, which was calculated based on the total interest-bearing borrowings and the shareholders' equity, could still be maintained at a comfortable and stable level of 37.5% (31 March 2002: 37.5%) in view of its current operating capability. Finance costs had successfully been reduced from HK\$4.3 million for the six months ended 30 September 2001 to HK\$3.5 million for the six months ended 30 September 2002.

The debt maturity profile of the Group is analysed as follows:

	30 September 2002 HK\$'000 (Unaudited)	31 March 2002 HK\$'000 (Audited)
Repayable within one year	62,082	62,144
Repayable in the second year	9,040	8,586
Repayable in the third to fifth years, inclusive	7,729	6,380
	<u>78,851</u>	<u>77,110</u>

To minimise exposure on foreign exchange fluctuations, the Group's borrowings and cash and bank balances are primarily denominated in Hong Kong and United States dollars and Renminbi. The Group has no significant exposure to foreign exchange rate fluctuation. Besides, the Group's medium-term borrowings have not been hedged by any interest rate financial instruments due to the easing of interest rates.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

During the period under review, the Group continued to adopt a series of measures towards the size of workforce and commit to staff development and training programs. The Group has approximately 1,163 employees as at 30 September 2002. Eligible employees are offered with discretionary bonuses and share options on individual and the Group's performance.



PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2002, the Company repurchased a total of 1,342,000 ordinary shares of the Company of HK\$0.10 each on The Stock Exchange of Hong Kong Limited as follows:

Month	Number of ordinary shares repurchased	Price per share		Total price paid HK\$
		Highest HK\$	Lowest HK\$	
August 2002	1,342,000	0.180	0.168	235,326

The repurchased shares were cancelled upon repurchase and the issued share capital of the Company was reduced by the par value thereof. The premium paid on the repurchase of the shares of HK\$101,126 has been debited to the share premium account. An amount equivalent to the total par value of the shares cancelled of HK\$134,200 has been transferred from the retained profits of the Company to the capital redemption reserve.

The above repurchase of the Company's shares was effected by the Board of Directors of the Company, pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.



DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 September 2002, the interests of the directors and chief executives and their associates in the securities of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director	Notes	Number of ordinary shares of the Company held and nature of interest	
		Personal interests	Other interests
Mr Lau Kwai	(a)	1,500,000	87,696,000
Mr Lau Chung Yim	(b)	23,196,000	42,078,400
Mr Lau Chung Hung		17,000,000	–
Mr Lau Hing Hai	(c)	–	15,851,200
Ms Lau May Wah	(d)	1,500,000	17,539,200
Mr Lau Chung Man	(e)	5,070,000	–
Mr Chan Wai Nam		1,100,000	–

NOTES

- (a) The shares held under other interests are held by Woohei Inc. as trustee of The Woohei Unit Trust, all the units (other than one unit which is beneficially owned by Mr Lau Kwai's spouse, Ms Fong Shun Yum) of which are beneficially owned by The Lau Kwai Trust, a discretionary trust, the beneficiaries of which include the spouse and issue of Mr Lau Kwai.
- (b) The shares held under other interests are held by Dragon Power Inc. as trustee of The Dragon Power Unit Trust, all the units (other than one unit which is beneficially owned by Mr Lau Chung Yim's spouse, Ms Tam Wai Ling, Josephine) of which are beneficially owned by The Jopat Trust, a discretionary trust, the beneficiaries of which include Mr Lau Chung Yim, his spouse and issue.
- (c) The shares held under other interests are held by Inland Inc. as trustee of The Inland Unit Trust, all the units (other than one unit which is beneficially owned by Mr Lau Hing Hai's spouse, Ms Chan Ka Lam) of which are beneficially owned by The Hingka Trust, a discretionary trust, the beneficiaries of which include Mr Lau Hing Hai, his spouse and issue.



- (d) The shares held under other interests are held by Joybless Inc. as trustee of The Joybless Unit Trust, all the units (other than one unit which is beneficially owned by Mr Lau Chung Yim) of which are beneficially owned by The Lau May Wah Trust, a discretionary trust, the beneficiaries of which include the issue of Ms Lau May Wah.
- (e) Mr. Lau Chung Man resigned as a director of the Company on 1 November 2002.

In addition to the above, certain directors of the Company hold shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying with the minimum company membership requirements.

The interests of the directors in the share options of the Company are separately disclosed in the section headed “Share option scheme” below.

Save as disclosed above, none of the directors, chief executives or their associates had any personal, family, corporate or other interests in the securities of the Company or its associated corporations as recorded in the register required to be kept under Section 29 of the SDI Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading “Share option scheme” below, at no time during the six months ended 30 September 2002 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 or any of its subsidiaries a party to any arrangement to enable the Company’s directors, or their associates, to acquire such benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

At the Company’s annual general meeting held on 23 August 2002, the shareholders of the Company approved the termination of the share option scheme adopted by the Company on 12 January 1994 (the “1994 Share Option Scheme”) and the adoption of a new share option scheme (the “2002 Share Option Scheme”) so as to comply with the new Chapter 17 of the Listing Rules. The 2002 Share Option Scheme is designed for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible participants of the 2002 Share Option Scheme include the directors of the Company, including independent non-executive directors, other employees of the Group and other categories as set out in the 2002 Share Option Scheme.



As at 30 September 2002, certain share options granted under the 1994 Share Option Scheme to subscribe for the Company's shares were still outstanding. No share options were granted under the 2002 Share Option Scheme during the six months ended 30 September 2002.

The following information on share options is required to be disclosed pursuant to the Listing Rules:

Name or category of participant	Number of share options outstanding at 1 April 2002	Number of share options exercised during the period	Number of share options lapsed during the period	Number of share options outstanding at 30 September 2002	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$
Directors							
Mr Lau Kwai	1,500,000	-	-	1,500,000	7 July 1999	From 7 January 2000 to 6 January 2003	0.262
Mr Lau Chung Yim	1,500,000	-	-	1,500,000	7 July 1999	From 7 January 2000 to 6 January 2003	0.262
Mr Lau Chung Hung	3,000,000	-	-	3,000,000	7 July 1999	From 7 January 2000 to 6 January 2003	0.262
Mr Lau Hing Hai	3,000,000	-	-	3,000,000	7 July 1999	From 7 January 2000 to 6 January 2003	0.262
Ms Lau May Wah	1,500,000	-	-	1,500,000	7 July 1999	From 7 January 2000 to 6 January 2003	0.262
Other employees*	850,000	(150,000)**	(220,000)	480,000	22 May 2000	From 22 November 2000 to 21 November 2003	0.2104
Other employees*	850,000	(150,000)**	(220,000)	480,000	22 May 2000	From 22 November 2001 to 21 November 2003	0.2104
Other employees*	850,000	-	(260,000)	590,000	22 May 2000	From 22 November 2002 to 21 November 2003	0.2104
	<u>13,050,000</u>	<u>(300,000)</u>	<u>(700,000)</u>	<u>12,050,000</u>			



- * The employees are working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance.
- ** The weighted average closing price of the shares immediately before the date on which the options were exercised is HK\$0.257.

No share options were granted or cancelled during the period under review.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2002, the following shareholders had notified the Company of an interest in 10% or more of the issued share capital of the Company:

Name of shareholder	Number of shares held	Percentage of the Company's issued capital
Woohei Inc.	87,696,000	23.65%
Dragon Power Inc.	42,078,400	11.35%

These interests have also been disclosed as “Other interests” of Mr Lau Kwai and Mr Lau Chung Yim, respectively, in the section headed “Directors’ interests in the securities of the Company or its associated corporations” above.

Save as disclosed above, no other person had registered an interest in the share capital of the Company as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period for the six months ended 30 September 2002, in compliance with the Code of Best Practice (the “Code”) as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee, which comprises the two independent non-executive directors of the Company, has reviewed and approved the interim financial statements for the six months ended 30 September 2002.



CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 6 January 2003 to Thursday, 9 January 2003 (both days inclusive), during which period no transfer of shares of the Company will be registered and no shares will be allotted and issued on the exercise of the subscription rights attaching to the outstanding share options granted by the Company. In order to qualify for the interim dividend declared, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited, at 4/F., Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on Friday, 3 January 2003.

On behalf of the Board

Lau Kwai

Chairman

Hong Kong, 12 December 2002