



Grandtop International Holdings Limited

泓鋒國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

Interim Report 2002

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Siu Kwok Kin, Garry (*Chairman*)
Mr. Edmund Siu
Mr. Sze Edvon Yeung Lung

Independent Non-executive Directors

Mr. Poon Kuai Cheong
Miss Lo Wing Yan, Emmy

COMPANY SECRETARY

Mr. Edmund Siu

AUDIT COMMITTEE

Mr. Poon Kuai Cheong
Miss Lo Wing Yan, Emmy

REGISTERED OFFICE

Century Yard
Cricket Square
Hutchins Drive
PO Box 2681 GT
George Town
Grand Cayman
British West Indies

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 10, 11th Floor
Lippo Sun Plaza
28 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
P.O. Box 513 G.T.
3rd Floor, 36C Bermuda House
Dr. Roy's Drive
George Town
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tengis Limited
4th Floor
Hutchison House
10 Harcourt Road
Central
Hong Kong

LEGAL ADVISERS

Hong Kong

Fairbairn Catley Low & Kong
43rd Floor, Gloucester Tower
The Landmark
11 Pedder Street
Hong Kong

Sidley Austin Brown & Wood
49th Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

Cayman Islands

Conyers Dill & Pearman, Cayman
Century Yard
Cricket Square
Hutchins Drive
George Town
Grand Cayman
British West Indies

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
6th Floor
Wheelock House
20 Pedder Street
Central
Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited
Kowloon Main Branch
618 Nathan Road
Kowloon
Hong Kong

Shanghai Commercial Bank Limited
136 Shau Kei Wan Main Street East
Shau Kei Wan
Hong Kong

PUBLIC RELATIONS CONSULTANT

Strategic Financial Relations Limited

WEBSITE

www.grandtop.com

The Board of Directors (the “Directors”) of Grandtop International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2002 together with the comparative figures for the corresponding period last year (“interim results”) following the Company’s listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 November 2002. The interim results and the relevant explanatory notes are set out on pages 8 to 18 of this interim report. The Group is confident that its listing status will form a strong growth impetus to accelerate its business growth.

Financial Review

For the six months ended 30 September 2002, the Group recorded a turnover of approximately HK\$17.4 million, representing a 28% rise from HK\$13.6 million in the previous corresponding period, which was mainly attributable to an increase of 29% and 23% in marketing and compliance monitoring services and sales support services respectively. Net profit attributable to shareholders increased from approximately HK\$10 million for the six months ended 30 September 2001 to HK\$13 million this year, a surge of 30% over the corresponding period last year. The Directors attributed the increase in marketing and compliance monitoring services fee income as a result of recruiting one new business development consultant in September 2001 who actively promoted the Group’s manufacturing clients. As a result, additional purchase orders were placed by the US buyers to the Group’s Hong Kong garment and fashion manufacturing clients, driving up the demand for the Group’s marketing and compliance monitoring services.

Special Dividend

The Directors declared and paid a special dividend of HK\$6 million on 31 July 2002.

The special dividend paid on 31 July 2002 represented special dividend paid by the relevant subsidiaries of the Group to their then shareholders.

Interim Dividend and Closure of Register of Members

The Directors have declared an interim dividend of 1.5 HK cents per share for the six months ended 30 September 2002 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on 14 February 2003. The Register of Members will be closed from 10 February 2003 to 14 February 2003 both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on 7 February 2003.

Business Review

The Group is engaged in the provision of two professional services – corporate social responsibilities (“CSR”) marketing and compliance monitoring services, and sales support services to Hong Kong garment and fashion manufacturers. CSR, widely recognised and practiced by North American and European buyers and customers, is defined as operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.

In recent years, the market has increasingly become aware of CSR as a critical element in operating a successful business. Today, consumers not only demand top quality products, but also place a strong emphasis on whether the products are manufactured in a CSR-compliant environment. In particular, the Group has seen increasing market acceptance of CSR in Hong Kong and the PRC as these compliance standards are viewed as pre-requisites for entering the US market. Realising there are tremendous potential in CSR, together with the management’s over 25 years of experience in the garment industry, the Group restructured its business in 1998 and focused on the business development of CSR compliance monitoring services.

With the Group’s extensive network and pool of experts in the audit and legal areas, the Group has adopted and modified what it perceives as the best industry practices to develop its proprietary Code of Vendors’ Conduct (the “Code”). The Group’s team of compliance specialists conducts compliance monitoring programmes in the manufacturer’s facilities based on the Code’s framework which covers six areas, including environment, discrimination, forced labour, child labour, wages and hours and working conditions. Leveraging its in-depth manufacturing expertise and extensive business network in the industry, the provision of CSR compliance monitoring services has become the Group’s major source of revenue. During the review period, sales from the provision of CSR marketing and compliance monitoring services accounted for 82% of total turnover, demonstrating an approximately 29% growth against the corresponding period last year. On the other hand, income generated from sales support services also increased 23% from last year and contributed 18% of total turnover.

The Group is committed to strengthening its marketing activities. It has recruited an additional business development consultant to promote its compliance monitoring services to the US buyers. As a result of the Group’s aggressive marketing efforts as well as the gradual market pick up, US buyers have placed additional purchase orders with the Group’s manufacturing clients.

Growing global demand for CSR together with growing foreign investment and plants in the region will stimulate the demand for CSR compliance monitoring services, in turn providing tremendous growth opportunities for the Group’s future.

Prospects

With the funds raised from the listing, the Group will strategically expand its customer base in the PRC and buyer network in the US next year. The PRC's WTO entry will form an important driving force for the Group's development, creating rising business opportunities brought about by full market liberalization in 2005. Preparing for these developments, the Group plans to set up an office in Beijing in the first quarter of 2003. The new office will mark the first step in the Group's expansion into the northern region of the PRC. At the same time, the Group will expand its buyer network in the US to ensure further orders for its manufacturing clients with the establishment of a regional office. In addition, the Group will recruit marketing and compliance professionals to complement this expansion.

Riding on the success of its CSR compliance monitoring services in the garment and fashion industries, the Group plans to extend its scope of business to the non-garment and fashion industries, such as toy and shoe industries. To achieve these ends, the Group will recruit experienced professionals in these fields to tailor its compliance monitoring programme under the framework of its Code to suit their operational environments. At the same time, the Group will also expand its services into other countries outside the PRC. Countries such as Cambodia, Thailand and Vietnam provide an ideal environment to develop into important production bases in the region.

To further enhance and promote its compliance monitoring services, the Group will set up a comprehensive website to promote its services and increase market awareness of CSR. It is also in the process of creating a certification system to enhance the accountability and credibility of its compliance monitoring services.

Capitalising on the global trend for CSR, the Group is confident that its unique business model will help to maintain its leading position in the industry. Through continuous improvement in its CSR compliance monitoring services, the Group aims to enhance overall industry standards for CSR compliance monitoring and operational efficiency among individual manufacturers in Asia. In addition, the Group will continue to help manufacturers in Hong Kong and the PRC to explore greater opportunities in overseas markets. Moving forward, through the abovementioned development plans, the Group is committed to strengthening its CSR compliance monitoring services to bring positive returns to shareholders.

Liquidity, Financial Resources and Funding

The Group generally finances its operations with internally generated cash flows. As at 30 September 2002, the Group had cash and bank balances and fixed deposits of approximately HK\$4.4 million. The Group did not have any outstanding borrowing as at 30 September 2002. Net current assets at 30 September 2002 were approximately HK\$11 million. During the six months ended 30 September 2002, the Group's current ratio maintained at a healthy level of approximately 1.2 times.

Employees

The Group employs approximately 10 staff in Hong Kong and four overseas marketing consultants. The Group's remuneration packages are generally structured with reference to market terms and individual merit. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

Directors' Interests in Securities

As at the date of this report, the interests of the Directors in the shares of the Company and its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance, Chapter 396 of the Laws of Hong Kong (the "SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Directors	Personal interests	Corporate interests	Other interests	Total
Mr. Siu Kwok Kin, Garry	–	180,000,000 <i>(Note)</i>	–	180,000,000
Mr. Edmund Siu	–	180,000,000 <i>(Note)</i>	–	180,000,000

Note: These Shares were registered in the name of Huge Gain Development Limited ("Huge Gain"). The entire issued share capital of Huge Gain is owned by Nerine Trust Company Limited. Nerine Trust Company Limited is the trustee of SB Unit Trust and holds properties for the benefit of holders of units issued by SB Unit Trust. All the units issued by SB Unit Trust were held by family members of Mr. Siu Ban, co-founder of the Group and the discretionary objects of which include Mr. Siu Kwok Kin, Garry and Mr. Edmund Siu, being the executive director of the Group.

Save as disclosed above, none of the Directors or any of their associates had any beneficial or non-beneficial interest in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance as recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the heading "Share options", and other than in connection with the Group Reorganisation and the listing of Company's shares on the Stock Exchange, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Purchase, Sale or Redemption of the Company's Listed Securities

Up to the date of this report, other than those in connection with the Company's initial public offering, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Substantial Shareholders

As at the date of this report, the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance shows that the following shareholders had an interest of 10% or more in the issued share capital of the Company:

Name of shareholder	Number of ordinary shares held	Approximate shareholding percentage
Huge Gain Development Limited	180,000,000	75%

Note: Huge Gain Development Limited ("Huge Gain") is an investment holding company. The entire issued share capital of Huge Gain is owned by Nerine Trust Company Limited. Nerine Trust Company Limited is the trustee of SB Unit Trust and holds properties for the benefit of holders of units issued by SB Unit Trust. All the units issued by SB Unit Trust were held by family members of Mr. Siu Ban, co-founder of the Group and the discretionary objects of which include Mr. Siu Kwok Kin, Garry and Mr. Edmund Siu, being the executive director of the Group.

Save as disclosed above, the Company has not been notified of any other parties having an interest of 10% or more of the issued share capital of the Company as at the date of this report.

Share Options

Under a pre-listing share option scheme (the "Scheme") approved by the shareholders, the Directors of the Company may, at their absolute discretion, invite full-time employees including executive directors of the Company or any of its subsidiaries to take up options to subscribe for Shares in the Company representing up to a maximum 30% of the total issued share capital of the Company from time to time.

No options had been granted or agreed to be granted under the Scheme up to the date of approval of these interim report.

Compliance with the 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, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange at any time during the six months ended 30 September 2002.

Audit Committee

The Audit Committee, comprising two Independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the Group's unaudited interim financial statements for the six months ended 30 September 2002.

On behalf of the Board
Grandtop International Holdings Limited
Siu Kwok Kin, Garry
Chairman

Hong Kong, 17 December 2002

CONDENSED PRO FORMA COMBINED INCOME STATEMENT*For the six months ended 30 September 2002*

	<i>Notes</i>	Six months ended 30 September	
		2002 (Unaudited) <i>(Note 1)</i> HK\$'000	2001 (Unaudited) <i>(Note 1)</i> HK\$'000
Turnover	3	17,393	13,597
Other revenue		90	26
Selling expenses		(1,718)	(1,297)
Administrative expenses		(2,135)	(1,919)
Profit from operating activities	4	13,630	10,407
Finance costs	5	(8)	(1)
Profit before tax		13,622	10,406
Taxation	6	(140)	(36)
Net profit for the period		13,482	10,370
Dividends	7	(9,600)	(9,000)
Earnings per share			
– Basic	8	6.6 cent	5.1 cent
– Diluted	8	N/A	N/A

The notes on pages 12 to 18 form part of this condensed pro forma combined interim financial statements.

CONDENSED PRO FORMA COMBINED BALANCE SHEET*As at 30 September 2002 and 31 March 2002*

		30 September 2002 (Unaudited) (Note 1) HK\$'000	31 March 2002 (Audited) (Note 1) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets	9	4,676	431
Investment securities		5,520	5,520
		10,196	5,951
CURRENT ASSETS			
Trade receivables	10	2,165	1,699
Amount due from a director		–	34
Prepayments, deposits and other receivables		4,828	4,604
Tax refundable		38	178
Cash and bank balances		4,435	2,297
		11,466	8,812
CURRENT LIABILITIES			
Trade and other payables	11	138	721
		11,328	8,091
NET CURRENT ASSETS			
		21,524	14,042
TOTAL ASSETS LESS CURRENT LIABILITIES			
		21,524	14,042
NON-CURRENT LIABILITIES			
Deferred taxation		67	67
NET ASSETS			
		21,457	13,975
CAPITAL AND RESERVES			
Share capital	12	200	200
Proposed Dividend	7	3,600	–
Reserves	13	17,657	13,775
SHAREHOLDERS' FUNDS			
		21,457	13,975

The notes on pages 12 to 18 form part of this condensed pro forma combined interim financial statements.

CONDENSED PRO FORMA COMBINED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2002

	Six months ended 30 September 2002			
	Share capital	Contributed surplus	Retained profits	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Note 1)	(Note 1)	(Note 1)	(Note 1)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2002	200	(84)	13,859	13,975
Profit attributable to shareholders	–	–	13,482	13,482
Proposed dividend	–	–	3,600	3,600
Dividends	–	–	(9,600)	(9,600)
At 30 September 2002	200	(84)	21,341	21,457

	Six months ended 30 September 2001			
	Share capital	Contributed surplus	Retained profits	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Note 1)	(Note 1)	(Note 1)	(Note 1)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2001	200	(84)	10,492	10,608
Profit attributable to shareholders	–	–	10,370	10,370
Dividend	–	–	(9,000)	(9,000)
At 30 September 2001	200	(84)	11,862	11,978

The notes on pages 12 to 18 form part of this condensed pro forma combined interim financial statements.

CONDENSED PRO FORMA COMBINED CASH FLOW STATEMENT

For the six months ended 30 September 2002

	Six months ended 30 September	
	2002 (Unaudited) <i>(Note 1)</i> HK\$'000	2001 (Unaudited) <i>(Note 1)</i> HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	12,000	7,982
NET CASH USED IN INVESTING ACTIVITIES	(3,862)	(19)
NET CASH USED IN FINANCING ACTIVITIES	(6,000)	(9,000)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,138	(1,037)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,297	3,400
CASH AND CASH EQUIVALENT AT END OF PERIOD	4,435	2,363
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,435	2,363

The notes on pages 12 to 18 form part of this condensed pro forma combined interim financial statements.

NOTES TO CONDENSED PRO FORMA COMBINED FINANCIAL STATEMENTS

For the six months ended 30 September 2002

1. BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed pro forma combined interim financial statements (“interim report”) have been prepared in accordance with the Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants (“HKSA”) and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 June 2002 under the Companies Law, (Cap. 22 (Law 3 of 1961, as consolidated and revised)) of the Cayman Islands.

Pursuant to a corporate reorganisation (the “Group Reorganisation”) to rationalise the structure of the Company and its subsidiaries in preparation for the listing of the Company’s shares on the Main Board of Stock Exchange, the Company became the holding company of the Group on 22 October 2002. Details of the Group Reorganisation are set out in the prospectus of the Company dated 30 October 2002 (the “Prospectus”).

The Group Reorganisation involved companies under common control. As the Group Reorganisation took place on 22 October 2002, according to the SSAP 27 “Accounting for group reorganisation” issued by the HKSA, the Company together with its subsidiaries should only be regarded and accounting for as a continuing group in the preparation of the Group’s financial statements commencing from the period ending after 22 October 2002. Nevertheless, for the benefit of shareholders, interim report for the current period and the related notes thereto have been presented on the basis that the Company is treated as the holding company of its subsidiaries for the financial periods presented rather than from the subsequent date of its acquisition of the subsidiaries on 22 October 2002. The pro forma combined results of the Group for the six months ended 30th September 2001 and 2002 include the results of the Company and its subsidiaries with effect from 1 April 2001 or since their respective dates of incorporation, where this is a shorter period. The condensed pro forma combined balance sheets as at 31 March 2002 and 30 September 2002 have been prepared on the basis that the current group structure was in place at those dates. All significant intra-group transactions and balances have been eliminated on combination.

Although the Group Reorganisation had not been completed and, accordingly, the Group did not legally exist until 22 October 2002, in the opinion of the Directors of the Company, the presentation of such interim report prepared on the above basis is necessary to apprise the Company’s shareholders of the Group’s results and its state of affairs as a whole.

The shares of the Company have been listed on the Main Board of the Stock Exchange with effect from 12 November 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies adopted in the accountants' report as disclosed in the Prospectus have been applied to the interim report, except that the Group has adopted the following recently issued and revised SSAPs which became 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 34	:	“Employee benefits”

The adoption of these recently issued and revised SSAPs has had no material effect on the interim report, except for SSAP 1 (revised) and SSAP 15 (revised) with their major impact summarised as follows:–

SSAP 1 (Revised) prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The main revision to this SSAP is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed pro forma combined statement of changes in equity for the current interim period and the comparative figures have been presented in accordance with the revised SSAP.

SSAP 15 (Revised) prescribes the provision of information about the historical changes in cash and cash equivalents by means of a cash flow statement which classified cash flows during the period into operating, investing and financing activities. The condensed pro forma combined cash flow statement for the current interim period and the comparative figures are presented in accordance with the revised SSAP.

3. TURNOVER

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are provision of (i) marketing and compliance monitoring services and (ii) sales support services. An analysis of the Group's turnover and operating results by business segments during the period is shown as follows:

	Marketing and compliance monitoring services	Sales support services	Total
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
For the period ended 30 September 2002			
Sales	14,320	3,073	17,393
Profit from operating activities	12,534	1,096	13,630
For the period ended 30 September 2001			
Sales	11,103	2,494	13,597
Profit from operating activities	9,548	859	10,407

No segmental information on operating results and assets and liabilities by geographical segments, and assets and liabilities by business segments have prepared as most of the Group's costs and expenses and assets and liabilities were unallocated.

4. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended	
	30 September	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of fixed assets	249	68
Operating leases in respect of land and building	194	247
Interest income	(34)	(26)
Dividend income	(56)	–

5. FINANCE COSTS

	Six months ended	
	30 September	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank charges	8	1

6. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the period.

	Six months ended	
	30 September	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong profits tax		
– current provision	140	36

7. DIVIDENDS

The special and interim dividends paid and declared by Group to the shareholders during the period are as follows:

	Six months ended 30 September	
	2002	2001
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Special dividend paid (<i>Note 1</i>)	6,000	–
Proposed interim dividend (<i>Note 2</i>)	3,600	9,000
	9,600	9,000

Note 1: The special dividend paid on 31 July 2002 represents special dividend paid by the relevant subsidiaries of the Group to their then shareholders.

Note 2: At the board meeting held on 17 December 2002, the directors declared an interim dividend of 1.5 HK cents per share. This proposed interim dividend is reflected as a proposed dividend in the interim report for the six months ended 30 September 2002.

8. EARNINGS PER SHARE

The calculation of earnings per share for each of the periods is based on the net profit from ordinary activities attributable to shareholders for each of the periods and on the assumption that 204,000,000 shares were in issue, comprising 20,000,000 shares in issue as at the date of the Prospectus and 184,000,000 shares to be issued pursuant to the capitalisation issue, as disclosed more fully in Appendix 6 “Statutory and General Information” of the Prospectus.

There were no dilutive potential ordinary shares during the periods and, therefore, no diluted earnings per share have been presented.

9. FIXED ASSETS

	Motor Vehicles (Unaudited) HK\$'000	Furniture & Fixture (Unaudited) HK\$'000	Office Equipment (Unaudited) HK\$'000	Land and Buildings (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Net book value as at					
1 April 2002	304	11	116	–	431
Additions during the period	–	50	144	4,300	4,494
Depreciation charge for the period	(75)	(37)	(48)	(89)	(249)
Net book value as at 30 September 2002	229	24	212	4,211	4,676

10. TRADE RECEIVABLES

Details of the ageing analysis are as follow:

	As at 30 September 2002 (Unaudited) HK\$'000	As at 31 March 2002 (Audited) HK\$'000
Current – 1 month	2,165	1,699

The credit period granted by the Group to customers is generally 30 days.

11. TRADE AND OTHER PAYABLES

	As at 30 September 2002 (Unaudited) HK\$'000	As at 31 March 2002 (Audited) HK\$'000
Accrued expenses due within 30 days or on demand	138	721

12. SHARE CAPITAL

The following movements in the Company's authorised and issued share capital took place during the period from 21 June 2002 (date of incorporation) to the date of approval of the interim report:

- (a) the Company was incorporated with an authorised share capital of HK\$200,000 divided into 20,000,000 shares with a nominal value of HK\$0.01 each; and
- (b) on 3 July 2002, 10,000,000 shares of HK\$0.01 each was allotted and issued at nil consideration; and
- (c) on 22 October 2002, the share capital of the Company was increased to HK\$100,000,000 by the creation of a further 9,980,000,000 additional shares of HK\$0.01 each, ranking pari passu with the existing share capital of the Company; and
- (d) on 22 October 2002, as part of the Group reorganisation described in note 1 to the interim report, the Company; (i) issued an aggregate of 10,000,000 new shares of HK\$0.01 each credited as fully paid at par; and (ii) credited as full paid at par the existing 10,000,000 shares issued nil paid on 3 July 2002 as set out in (b) above, in consideration of and in exchange for the acquisition of the entire issued share capital of Sun Ace Group Limited ("Sun Ace"); and

- (e) on 22 October 2002, a total of 184,000,000 shares of HK\$0.01 each were allotted and issued as fully paid, by way of capitalisation issue of HK\$1,840,000 standing to the credit of the share premium account of the Company, to the holders of shares whose names appear on the register of members of the Company at the close of business on the date following the date of the Prospectus at 30 October 2002, conditional as a result of the new issue and placing of shares as detailed in (f) below; and
- (f) on 12 November 2002, a total of 36,000,000 shares of HK\$0.01 each were issued to the public at a price of HK\$1 each to the public by way of new issue and placement of shares upon the listing of the Company's shares on the Main Board of the Stock Exchange.

A summary of the above movements in the issued share capital of the Company is as follows:

	<i>Notes</i>	Number of shares issued	Par value HK\$'000
Shares allotted and issued nil paid	<i>(b)</i>	10,000,000	–
Shares issued as consideration for the acquisition of the entire share capital of Sun Ace	<i>(d)</i>	10,000,000	100
Application of contributed surplus to pay up nil paid shares	<i>(d)</i>	–	100
Capitalisation issue credited as fully paid conditional on the share premium account of the Company being credited as a result of the issue of new shares to the public	<i>(e)</i>	184,000,000	–
Pro forma issued share capital as at 30 September 2002 and 31 March 2002		204,000,000	200
New issue and placing of shares to the public	<i>(f)</i>	36,000,000	360
Capitalisation of the share premium account as set out above	<i>(e)</i>	–	1,840
Issued share capital at the date of approval of the interim report		240,000,000	2,400

13. RESERVES

	Contributed Surplus (Unaudited) HK\$'000	Retained Profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2002	(84)	13,859	13,775
Profit attributable to shareholders	–	13,482	13,482
Dividends	–	(9,600)	(9,600)
At 30 September 2002	(84)	17,741	17,657

14. OPERATING LEASE COMMITMENTS

At 30 September 2002, the Group had total future minimum lease payments under non-cancelable operating leases falling due as follow:

	30 September 2002 (Unaudited) HK\$'000	31 March 2002 (Audited) HK\$'000
Within one year	540	486
In the second to fifth years, inclusive	315	942
Over five year	–	–
	855	1,428

15. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2002 (31 March 2002: Nil).

16. POST BALANCE SHEET EVENTS

The following significant events occurred subsequent to the condensed pro forma combined balance sheet as at 30 September 2002:

- (a) In addition to the matters set out in note 12 to this interim report, on 12 November 2002, the Company issued 36,000,000 shares of HK\$0.01 each to the public upon the listing of its shares on the Stock Exchange, at HK\$1 per share. The net proceeds arising from the new issue, after deduction of related expenses, amounted to approximately HK\$28.2 million.
- (b) On 17 December 2002, the Group declared an interim dividend of 1.5 HK cents per share for the six months ended 30 September 2002. Details of the proposed interim dividend are set out under the heading “Interim Dividend and Closure of Register of Members” to this interim report.

17. APPROVAL OF INTERIM FINANCIAL REPORT

The interim report was approved by the Board of Directors on 17 December 2002.