

Interim Report 2002

6.25	6.60	6.25	6.55	+0.35	18,372.5	+796.0	118,336.5	11.4	4.32	65.75	6.29	6.16
38	1.38	1.38	1.38	-	112.0	-	154.6	14.9	1.45	55.15	1.34	1.16
2	0.96	0.92	0.96	+0.04	865.0	-28.0	813.8	-	-	60.88	0.92	0.93
1	0.66	0.63	0.66	+0.02	5,164.0	+1,260.0	3,347.7	11.4	3.79	61.08	0.63	0.64
19.70	19.55	19.60	-0.20	14,171.2	+28,190.3	278,130.3	13.8	-	50.66	19.26	19.98	
2.70	2.625	2.70	+0.075	12,974.0	-158.0	34,498.5	10.5	5.94	64.20	2.58	2.58	
2.80	2.75	2.775	-0.025	4,292.9	+8,948.4	11,916.6	20.0	1.84	53.31	2.71	2.82	
1.18	1.10	1.18	+0.08	29,294.0	+9,714.0	33,408.7	28.8	1.60	75.32	1.06	1.02	
2.475	2.275	2.475	+0.125	2,358.0	-702.0	5,715.7	10.9	8.08	70.57	2.27	2.14	3.00
1.58	1.52	1.58	+0.04	278.0	-155.0	425.8	8.4	5.15	70.57	1.55	1.55	3.00
34	1.26	1.32	+0.06	1,806.0	-4,554.2	2,357.7	6.2	4.17	70.57	1.19	1.17	1.70
125	2.325	2.40	+0.05	12,048.0	+1,798.0	28,760.3	25.3	0.7	70.57	2.60	2.60	3.60
7	2.45	2.475	-	17,436.0	+12,302.0	43,166.4	21.2	1.2	70.57	2.60	2.60	2.60
1.76	1.82	1.82	+0.04	30,292.0	+21,634.0	54,368.7	7.4	9.1	70.57	2.275	2.275	2.275
1.53	1.65	1.65	+0.12	17,268.0	+12,414.0	27,754.4	14.6	2.1	70.57	1.67	1.67	1.67
2.675	2.675	2.675	0.025	13.0	3.0	18.0	0.2	1.2	70.57	1.70	1.70	1.70

GLOBAL



Neo-Tech Global Limited

(Incorporated in Bermuda with Limited Liability)

科建集團有限公司

(於百慕達註冊成立之有限公司)



INTERIM REPORT 2002

The directors of Neo-Tech Global Limited (the “Company”) announce that the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 October 2002, together with the comparative figures for the corresponding period in the previous year were as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2002

	NOTES	Six months ended	
		31.10.2002 (Unaudited) HK\$'000	31.10.2001 (Unaudited) HK\$'000
Turnover			
Continuing operations		22	681
Discontinuing operations		500	-
		<u>522</u>	<u>681</u>
Direct operating expenses		-	(146)
Gross Profit		<u>522</u>	<u>535</u>
Other revenue		41	5,134
Administrative expenses		(19,578)	(15,505)
Distribution costs		-	-
Other operating income/(expenses)		7,620	(101,016)
(Loss)/profit from operations	2,3		
Continuing operations		(8,498)	(110,852)
Discontinuing operations		(2,897)	-
		<u>(11,395)</u>	<u>(110,852)</u>
Finance costs		(193)	(123)
Share of (loss) less profit of associate companies		(1,526)	-
Loss before taxation		<u>(13,114)</u>	<u>(110,975)</u>
Taxation	4	(492)	(171)
Loss after taxation		<u>(13,606)</u>	<u>(111,146)</u>
Minority interests		435	-
Net loss for the period		<u>(13,171)</u>	<u>(111,146)</u>
Dividend		-	-
(Loss)/earnings per share	6		
Basic		(1.50 cents)	(1.90 cents)
Diluted		N/A	N/A

As the only component of the consolidated statement of recognized gains or losses is the net loss for the period, a separate consolidated statement of recognized gains and losses has not been prepared.

**CONDENSED CONSOLIDATED BALANCE SHEET
AT 31 OCTOBER 2002**

	NOTES	31.10.2002 (Unaudited) HK\$'000	30.4.2002 (Audited) HK\$'000
Non-Current Assets			
Property, plant and equipment		3,244	21,861
Interest in associate companies		219,776	221,794
Goodwill		61,773	68,215
		<u>284,793</u>	<u>311,870</u>
Current Assets			
Trade receivables	7	1,500	-
Inventory		197	197
Other debtors, deposits and prepayments		40,503	42,293
Cash at bank and in hand		770	2,677
		<u>42,970</u>	<u>45,167</u>
Current Liabilities			
Trade & other payables		(14,047)	(41,947)
Bank borrowings – due within one year		-	(170)
		<u>(14,047)</u>	<u>(42,117)</u>
Net Current Assets		<u>28,923</u>	<u>3,050</u>
Total assets less current liabilities		<u>313,716</u>	<u>314,920</u>
Non-Current Liabilities			
Bank borrowings – due after one year		-	(2,840)
Deferred taxation		-	-
		<u>-</u>	<u>(2,840)</u>
Minority interests		<u>(40,151)</u>	<u>(40,586)</u>
Net assets		<u>273,565</u>	<u>271,494</u>
Capital and Reserves			
Share capital	9	87,594	87,594
Reserves	10	185,971	183,900
Shareholders' funds		<u>273,565</u>	<u>271,494</u>

**CONDENSED CONSOLIDATED CASHFLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 OCTOER 2002**

	Six months ended	
	31.10.2002	31.10.2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (outflow) from operating activities	(12,061)	(40,995)
Net cash inflow/(outflow) outflow from investing activities	12,729	(151,356)
Net cash inflow/(outflow) from financing activities	(2,575)	51,207
	<hr/>	<hr/>
Decrease in cash and cash equivalents	(1,907)	(141,144)
Cash and cash equivalents at beginning of the period	2,677	146,106
Cash and cash equivalents at end of the period	770	4,962
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Bank deposits	-	4,648
Bank balances and cash	770	314
	<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 OCTOER 2002**

	Six months ended	
	31.10.2002	31.10.2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Total shareholders' equity as at 1 May	271,494	534,218
Shares issued during the period	-	51,318
Realised upon disposal of subsidiaries	15,242	-
Net profit/(loss) for the period	(13,171)	(111,146)
	<hr/>	<hr/>
Total shareholders' equity as at 31 October	273,565	474,390
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 OCTOBER 2002**

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim accounts (“Interim Accounts”) are prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”).

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 30 April 2002, except that the Group has adopted the following new 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 new or revised SSAPs had no material effect on the Group’s results in both accounting period except that a change in the format of presentation of the cash flow statement and the requirement to present a statement of change in equity.

2. SEGMENTAL INFORMATION

Business Segments

	Continuing operations – Property investment		Discontinuing operations – Internet consulting		Consolidated	
	2002 Unaudited HK\$’000	2001 Unaudited HK\$’000	2002 Unaudited HK\$’000	2001 Unaudited HK\$’000	2002 Unaudited HK\$’000	2001 Unaudited HK\$’000
Sales to external customers	22	681	500	-	522	681
Other revenue	-	-	-	-	-	-
	<u>22</u>	<u>681</u>	<u>500</u>	<u>-</u>	<u>522</u>	<u>681</u>
Segment results	(115)	535	(2,897)	-	(3,012)	535
Unallocated other revenue & net interest income					41	5,134
Unallocated expenses					(16,302)	(15,505)
Profit on disposal of subsidiaries					14,320	-
Amoritsation of goodwill					(6,442)	(12,750)
Provision for diminution in value of investment securities					-	(83,213)
Loan to investee company written off					-	(5,053)
Net loss from ordinary activities					<u>(11,395)</u>	<u>(110,852)</u>

Geographical Segments

	Turnover		Contribution to operating results	
	Six months ended		Six months ended	
	31.10.2002	31.10.2001	31.10.2002	31.10.2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	522	46	(11,395)	(96,990)
Asia Pacific other than Hong Kong	-	328	-	(7,159)
North America	-	307	-	(6,703)
	<u>522</u>	<u>681</u>	<u>(11,395)</u>	<u>(110,852)</u>

3. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is stated after crediting and charging the following:

	Six months ended 31 October	
	2002	2001
	HK\$'000	HK\$'000
Crediting:		
Rental income less outgoings	22	535
Interest income	11	5,030
Profit on disposal of subsidiaries	14,320	-
Bad debts recovered	-	84
Charging:		
Depreciation of property, plant and equipment	1,454	1,659
Amortisation of goodwill	6,442	12,750
Provision for diminution in value of investment securities	-	83,213
Loss on disposal of property, plant and equipment	-	203
Loan to investee company written off	-	5,053

4. TAXATION

No provision for Hong Kong profit tax has been made as the Company and its subsidiaries did not derive any assessable profit arising in Hong Kong for the period. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the countries in which the Group operates.

5. DIVIDEND

The directors do not recommend the payment of an interim dividend for the period (2001:nil).

6. (LOSS)/EARNINGS PER SHARE

The calculation of the basic loss per share is based on the Group's net loss for the period of HK\$13,171,000 (2001: loss of HK\$111,146,000) and on the weighted average of 875,940,643 (2001: 5,839,604,296) shares in issue during the period.

The weighted average of shares issued during the corresponding period was not adjusted as the right issue completed on 22 January 2002 had a dilution effect to the loss per share for that corresponding period.

No amount has been presented for the diluted loss per share for the current period as the effect of the exercise of the company's outstanding share options would have been anti-dilutive.

7. TRADE RECEIVABLES

All trade receivables were aged over 90 days as at the balance sheet date. General credit term granted to debtors is 30 days.

8. TRADE PAYABLES

All trade payables were aged over 90 days as at the balance sheet date.

9. SHARE CAPITAL

	Number of Shares	Value HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 May 2001	10,000,000,000	1,000,000
Reduction of capital	(10,000,000,000)	-
Consolidation of shares	10,000,000,000	-
Increase during the year	10,000,000,000	1,000,000
At 30 April 2002 and 31 October 2002	<u>20,000,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
At 1 May 2001	5,668,543,296	566,854
Issue of new shares for acquisition of interest in an investee company	171,061,000	17,106
Reduction of capital	(5,839,604,296)	(525,564)
Consolidation of shares	583,960,429	-
New shares issued under right issue	291,980,214	29,198
At 30 April 2002 and 31 October 2002	<u>875,940,643</u>	<u>87,594</u>

Share options

Movements in options under the share option scheme adopted by the Company and options granted to several independent investors during the period are as follows:-

	Number of options to subscribe for one ordinary share with an exercise price of HK\$0.10*	
	Share option Scheme#	Investors share Options##
Balance at 30 April 2002	360,000	1,124,000,000
Lapsed during the period	280,000	1,124,000,000
Balance at 31 October 2002	80,000	-

The staff share options outstanding at 31 October 2002 will expire at various dates up to the close of business on 31 October 2005

The investors share options are exercisable at any time within two years from 15 May 2000, the date of issue of such options

10. RESERVES

	Other reserve HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 May 2002	11,240	131,286	368,234	(3)	(326,857)	183,900
Realised upon disposal of subsidiaries	-	-	-	3	15,239	15,242
Net loss for the period	-	-	-	-	(13,171)	(13,171)
At 31 October 2002	<u>11,240</u>	<u>131,286</u>	<u>368,234</u>	<u>-</u>	<u>(324,789)</u>	<u>185,971</u>

11. POST BALANCE SHEET EVENTS

On 7 January 2003, the Company entered into a sale and purchase agreement with an independent third party in relation to the disposal of its 45% interest in WebVideoShop.com Limited (a 85% owned subsidiary) for a consideration of HK\$72 million in cash.

12. COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's turnover for the six months ended 31 October 2002 was HK\$522,000, representing a decrease of 23% over the same period last year. During the period under review, the Group's loss attributable to shareholders amounted to approximately HK\$13 million compared to loss of HK\$111 million for the six months ended 31 October 2001.

The six months ended 31 October 2002 has turned out to be another very challenging period for the Group. The global economic downturn and the difficult operating environment encountered by Internet-related companies in the past year together with recent political turmoil heavily affected the Group's business and performance. In view of this and in order to achieve better performance, the Group is restructuring its core businesses through the disposal of the Group's subsidiary companies which engaged mainly in Internet-related businesses and had caused severe losses to the Group.

The period ended on 31 October 2002 saw a committed shift of the Group's business focus from Internet-related businesses to property investments in the PRC. The Board considers that such approach of business investment is a right direction for the Group's growth.

Liquidity and financial resources

As at 31 October 2002, the Group had cash and cash equivalent of HK\$770,000 and there has been no bank borrowings. The Group's net current assets and shareholders' funds as at 31 October 2002 were HK\$28.9 million and HK\$273.5 million respectively.

The Group believes its liquid asset value and future revenue will be sufficient to fund future expansion and working capital requirements.

Employees

As at 31 October 2002, the Group employed a total of about 15 employees. The remuneration policy and package of the Group's employee are reviewed and approved by the Board. Remuneration package of the staff includes salaries, medical insurance and Mandatory Provident Fund retirement benefits.

DIRECTORS' INTERESTS IN SHARE CAPITAL OR DEBENTURES

As at 31 October 2002, the interests of the directors and chief executive of the Company or their respective associates in the equity or debt securities of the Company or any of its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise required to be notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of Director	Number of shares of HK\$0.10 each held	Nature of interest
Mr. Lai Leong*	240,591,000	Corporate interest
<ul style="list-style-type: none"><i>Mr. Lai Leong was deemed to be interested in 240,591,000 shares in the Company by virtue of his 90% interests in Wealth Bonus Limited held such shares.</i>		

SUBSTANTIAL SHAREHOLDERS

As at 31 October 2002, the register of substantial shareholders maintained by the Company, pursuant to Section 16(1) of the SDI Ordinance, showed that the following persons, other than the Directors of the Company, whose interests are disclosed above, had an interest of 10% or more of the nominal value of the issued share capital of the Company carrying rights to vote in all circumstances at general meeting of the Company.

Name of person	Number of shares of HK\$0.10 each held in the Company	Percentage of issued share capital held
Wealth Bonus Limited	240,591,000	27.5%

Save as disclosed above, the Directors are not aware of any other person being interested in 10% or more in the issued share capital of the Company as at 31 October 2002.

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

During the six months ended 31 October 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group as well as the review of the unaudited interim financial statements. The Committee comprises Mr. Chan Kin Shing and Mr. Zheng Kuan, two independent non-executive directors and Ms. Chan Yim Kum, the company secretary of the Company.

CODE OF BEST PRACTICE

In the opinion of Directors, the Company has complied with the Code of Best Practice (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange throughout the year.

*By Order of the Board of
Neo-Tech Global Limited
Lai Leong
Chairman*

Hong Kong, 27 January, 2003