

## RESULTS

Turnover of the Group for the six months ended 31st December, 2002 was approximately HK\$43,056,000, representing a increase of 198% over the corresponding period in 2001. Loss for the period amounted approximately to HK\$1,818,000.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31st December, 2002.

## BUSINESS REVIEW AND PROSPECTS

It is disappointing the Company has sustained a loss in the period. However, there is a marked reduction of loss of over HK\$2.8 million in comparison to that suffered in the corresponding period. This is indicative the cost reduction program implemented by the Company has produced positive results. Moreover, it also shows that we successfully diversify our range of products to make the sales sharply increase.

Our subsidiary in Shanghai PRC was already able to generate profits in this period. We believe that the China market is the opportunities for our investment and development. We keep on searching new business or investment opportunities to maximise our shareholders' wealth.

## FINANCIAL HIGHLIGHT

In November, 2002, the Company was successful in placing 150,000,000 new ordinary shares to an independent investors. The proceeds from the placement were used for general working capital purposes.

As at 31st December, 2002, the bank and cash balances were totaling approximately HK\$30,645,000. The current ratio was about 6.5 times with the net current assets amounting approximately to HK\$39,266,000. Basically, its own liquid resources financed all business activities of the Company. The gearing ratio has remained almost at zero, for the past two years.

## DIRECTORS' INTERESTS IN SHARES

As at 31st December, 2002 none of the directors or the chief executive, or their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the Securities (Disclosure of Interests) Ordinances ("SDI Ordinances").

## SHARE OPTIONS

A summary of the share options granted under the share option scheme of the Company is as follows:

	Month of grant	Exercisable period	Exercise price per share HK\$	Number of share options outstanding at 1.7.2002 and at 31.12.2002
(1) <b>Name of director</b>				
Mr. Tsang Link Carl, Brian	April 2001	23.10.2001-22.3.2003	0.1824	1,000,000
(2) <b>Employees</b>				
Other employees	April 2001	23.10.2001-22.3.2003	0.1824	800,000
				<u>1,800,000</u>

Save as aforesaid, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in debt securities (including debentures) of the Company or any other body corporate, and none of the directors or the chief executive or their spouses or children under the age of 18 had any right to subscribe for securities of the Company, or had exercised any such right during the period.

### SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2002, the register of substantial shareholders maintained by the Company pursuant to 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	Number of Shares held	Approximate percentage of issued Share held
Pioneer Wealth Ltd. ( <i>note 1</i> )	269,545,000 Shares	29.13%
Zest Zone Ltd. ( <i>note 2</i> )	150,000,000 Shares	16.21%

*Note 1:* The entire share capital of Pioneer Wealth Ltd. is beneficially owned by Ms. Deng Hong.

*Note 2:* The entire share capital of Zest Zone Ltd. is beneficially owned by Mr. Hu Dianping.

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31st December, 2002.

### AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Code"). It comprises the Independent Non-Executive Directors of the Company to review on matters regarding internal controls and financial reporting of the Group.

### PURCHASE, SALE AND REDEMPTION OF SHARES

During the period for the six months ended 31st December, 2002, there was no purchase, sale or redemption of the Shares by the Company or any of its subsidiaries.

### CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company was not in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 31st December, 2002.

### PUBLICATION OF RESULT OF THE STOCK EXCHANGE

All information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

On behalf of Board  
**Zhou Liping**  
*Executive Director*

Hong Kong, 25th March, 2003