



OMNICORP LIMITED

兩儀控股有限公司

(incorporated in Bermuda with limited liability)

Interim Report **2003**

BOARD OF DIRECTORS

Shaw Wen Fei (*Chairman*)
Lui Chun Bing, Tommy
(*Vice Chairman & Managing Director*)
Au Hoi Tsun, Peter
Chim Chun Kwan, Sandy
Sung Yan Wai, Petrus
Lee Hoong Seun
Wong Che Keung, Richard
(*Independent non-executive Director*)
Tong Yee Yung, Joseph
(*Independent non-executive Director*)

AUDIT COMMITTEE

Wong Che Keung, Richard
Tong Yee Yung, Joseph

COMPANY SECRETARY

Ng Ka Yuen, Cecilia

REGISTERED OFFICE

Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS

8th Floor, Luk Kwok Centre
72 Gloucester Road
Wanchai, Hong Kong
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AUDITORS

Moore Stephens

SOLICITORS

Baker & McKenzie
Sidley Austin Brown & Wood
David Lo & Partners

PRINCIPAL BANKERS

Fortis Bank
The Hongkong and Shanghai Banking
Corporation Limited

**PRINCIPAL REGISTRAR &
TRANSFER OFFICE**

The Bank of Bermuda Limited
6 Front Street
Hamilton HM DX
Bermuda

**BRANCH SHARE REGISTRAR &
TRANSFER OFFICE**

Tengis Limited
Ground Floor
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

STOCK CODE: 94

REVIEW OF OPERATIONS

For the six months ended 30 June 2003 (the "Current Period"), the Group achieved a turnaround in operating results and made an interim profit attributable to shareholders of HK\$6,849,000, compared with a loss of HK\$19,344,000 for the same period last year.

The Group's turnaround performance is partly attributable to the favourable interim results of Omnitech Holdings Limited ("OHL"), a 50.23% subsidiary whose shares are listed on the Australia Stock Exchange. OHL reported a net consolidated profit attributable to shareholders of A\$694,000 (HK\$3,269,000) compared with a loss of A\$1,031,000 (HK\$4,247,000) for the corresponding period last year.

Total turnover of the Group amounted to HK\$98,007,000, an increase of 47% compared with total turnover of HK\$66,574,000 for the corresponding period last year. The increase in turnover was mainly due to the expansion of the Group's trading business, particularly through the acquisition of Unicom Group Ltd. ("UGL"), which specializes in import and export of electronics and related products to and from China. The Group has also set up a trading joint venture, Sino Trade Enterprises Limited ("Sino Trade"), which specializes in assisting Japanese companies selling to and buying from China. Together with Lik Hang Holdings Limited ("Lik Hang"), UGL and Sino Trade are expected to expand the Group's core electronics business capitalizing on the strong domestic demand in China for quality overseas products and the competitiveness of products made in China for the world market.

Gross margin, however, dropped from 20.5% to 11.9%, mainly due to the consolidation of the smart card business which normally commands substantially higher margins than the electronics manufacturing and trading business. The consolidation of the smart card business has largely been completed. The division has now achieved profitable operating results, and is poised for further and healthier expansion.

Contributing to the Group's favourable interim results is the successful implementation of stringent cost controls including 30% pay cuts for executive directors and senior executives introduced from the beginning of the year. This has resulted in a substantial decrease in administrative expenses, which dropped from HK\$27,818,000 for the corresponding period last year to HK\$16,223,000 for the Current Period, or a decrease of 42%.

The Group's investment activities which have gone through a phase of consolidation have started to produce results and are showing brighter prospects.

The Group's share of results of associates has also turned from an aggregate loss of HK\$550,000 to an aggregate profit of HK\$639,000.

Shareholders' funds as at 30 June 2003 amounted to HK\$150,457,000 or HK\$2.38 per share.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has continued to adopt a prudent financial policy and has very little bank borrowings other than the trade facilities granted to UGL and Lik Hang.

The Group's current assets and current liabilities as at 30 June 2003 were HK\$133,680,000 and HK\$85,562,000, respectively (31 December 2002: HK\$111,123,000 and HK\$68,130,000, respectively). As at 30 June 2003, the Group had cash and bank deposits of approximately HK\$28,625,000 (31 December 2002: HK\$31,710,000), and short-term bank borrowings of HK\$49,026,000 (31 December 2002: HK\$33,148,000).

To provide additional working capital and financial resources for business expansion and acquisitions, the Company issued new shares for cash on 1 April 2003. The Company raised HK\$12,600,000 (net of issuing expenses) by issuing 10,000,000 new shares credited as fully paid at HK\$1.30 per share.

As at 30 June 2003, the Group's gearing ratio, which was calculated on the basis of bank borrowings to net asset value, was 33% (31 December 2002: 25%).

The Group mainly operates its business transactions in Hong Kong dollars, United States dollars and Renminbi. The exchange rates of United States and Renminbi against Hong Kong dollars were relative stable during the Current Period. The Directors consider that the Group has no significant exposure to foreign exchange fluctuations. During the Current Period, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 30 June 2003.

PROSPECTS

The Board is pleased with the Group's return to profitability after several years of losses. The current management team has made significant progress in rebuilding the Group's core business from a very low base in 2001, through acquisitions and internal growth. The Group aims to become a significant player in the trading and manufacturing of electronic and high-tech products in the China domestic and export markets.

The Group's investment activities including associated companies have also started to produce favourable results.

Strict financial discipline and cost control will continue to be imposed on all units of the Group, and incentive schemes are being introduced to motivate all management and staff to achieve business and profit targets and thus benefit from their efforts.

The Group is excited by the huge business potential in China, which will be further enhanced by the Closer Economic Partnership Arrangement ("CEPA") announced in July 2003. The Group is actively exploring opportunities to expand core business activities in trading and manufacturing in both existing and new product lines. It will also continue to review and invest in strategic situations which will produce superior returns and business synergy among the Group's business units.

INTERIM DIVIDEND

The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend in respect of the Current Period (2002: Nil).

EMPLOYEES AND SHARE OPTION SCHEME

As at 30 June 2003, the Group employed a total of 1,334 employees, the majority of whom are employed in the PRC.

Staff remuneration is reviewed by the Group from time to time and normally adjustments are granted annually, or occasionally by special adjustment, depending on the length of service and performance. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

The Company adopted a share option scheme (the “Old Option Scheme”) on 23 May 1997. As a result of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) amending Chapter 17 (Share Option Schemes) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) on 1 September 2001, certain terms of the Old Option Scheme were no longer in compliance with the new rules. As such, on 22 March 2002, a new share option scheme (the “New Option Scheme”) was adopted by the Company in compliance with the new requirements of the Listing Rules and the Old Option Scheme was terminated. The Company could no longer grant further options under the Old Option Scheme.

As at 30 June 2003, there was no share option outstanding under the Old Option Scheme and no share option was granted under the New Option Scheme.

PLEDGE OF ASSETS

As at 30 June 2003, the Group had pledged certain of its time deposits and guaranteed funds amounted to HK\$15,854,000 (31 December 2002: HK\$15,847,000) as security for general banking facilities granted.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2003, the interests and short positions of the Directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register of directors' and chief executives' interests and short positions, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:–

(1) In Shares

Name of Director	Capacity/ Nature of interests	Notes	Number of shares held		Percentage of holding (%)
			Long position	Short position	
Shaw Wen Fei	Interest in controlled corporation	1	1,064,900	–	1.68
Lui Chun Bing, Tommy	Beneficial owner		588,800	–	0.93
	Interest of child under 18 or spouse	2	2,000,000	–	3.16
	Interest in controlled corporation	3	1,000,000	–	1.58
Au Hoi Tsun, Peter	Beneficial owner		345,000	–	0.55

Notes:

- (1) These shares were held by Sharp States Investments Inc. the entire issued share capital of which was wholly-owned by Mr. Shaw Wen Fei.
- (2) These shares were held by Expert View Group Limited a corresponding interest of 66.67% and 33.33% of the issued share capital of which was beneficially owned by Ms. Sum Kin Man and Mr. Lui Tin Shun, wife and son of Mr. Lui Chun Bing, Tommy respectively.
- (3) These shares were held by Sharp Power Limited the entire issued share capital of which was wholly-owned by Mr. Lui Chun Bing, Tommy.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(2) In Share Options

As at 30 June 2003, there was no share option outstanding under the Old Option Scheme and no share option was granted under the New Option Scheme.

Save as disclosed above, as at 30 June 2003, none of the Directors, chief executives of the Company and their associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register of directors' and chief executives' interests and short positions, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

Apart from the foregoing, at no time during the Current Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their 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, and no Directors or chief executives of the Company or their respective spouses or children under 18 years of age had been granted any right to subscribe for equity or debt securities of the Company nor exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Other than the interests disclosed in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" above, as at 30 June 2003, according to the register of interests kept by the Company pursuant to Section 336 of the SFO, the following entities have interests or short positions in the shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:-

Name of Shareholder	Notes	Capacity/ Nature of interests	Number of shares held		Percentage of holding (%)
			Long position	Short position	
Planet Adventure Limited	1a	Beneficial owner	6,200,000	-	9.80
Mr. Huen Wing Ming, Patrick	1b	Interests in controlled corporations/of spouse	6,301,000	-	9.96
The Grande (Nominees) Limited		Beneficial owner	6,571,795	-	10.38
The Grande Holdings Limited	2a	Interest in controlled corporation	6,571,795	-	10.38
Barrican Investments Corporation	2b	Interest in controlled corporation	6,571,795	-	10.38
The Grande International Holdings Limited	2c	Interest in controlled corporation	6,571,795	-	10.38
Ho Wing On, Christopher	2d	Interest in controlled corporation	6,571,795	-	10.38

Notes:

(1a) Planet Adventure Limited was wholly-owned by Mr. Huen Wing Ming, Patrick.

(1b) These shares were held via the following capacities:-

Capacity of interest	No. of shares
Interest in controlled corporations:	
Planet Adventure Limited	6,200,000
Patova International Ltd.	100,000
Interest of spouse	1,000

(2a) The Grande (Nominees) Limited was the wholly-owned subsidiary of The Grande Holdings Limited.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Notes: (Continued)

- (2b) Barrican Investments Corporation held a controlling interest in the capital of The Grande Holdings Limited.
- (2c) Barrican Investments Corporation was the wholly-owned subsidiary of The Grande International Holdings Limited.
- (2d) The Grande International Holdings Limited was wholly-owned by Mr. Ho Wing On, Christopher.

Save as disclosed above, as at 30 June 2003, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

CORPORATE GOVERNANCE

The Audit Committee comprising the two independent non-executive Directors has discussed the internal controls and financial reporting matters with management and reviewed the unaudited consolidated financial statements of the Group for the Current Period in conjunction with the Group's external auditors.

In the opinion of the Directors, except that the independent non-executive Directors are not appointed for specific terms and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the Current Period.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the Current Period.

By Order of the Board
Shaw Wen Fei
Chairman

Hong Kong, 16 September 2003

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June

	<i>Notes</i>	2003 (unaudited) HK\$'000	2002 (unaudited) HK\$'000
TURNOVER	2	98,007	66,574
Cost of sales		(86,358)	(52,909)
Gross profit		11,649	13,665
Other revenue		13,960	1,506
Distribution costs		(1,503)	(2,096)
Administrative expenses		(16,223)	(27,818)
Other operating expenses		(1,447)	(8,197)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	3	6,436	(22,940)
Finance costs	4	(1,242)	(1,377)
Share of results of associates		639	(550)
PROFIT/(LOSS) BEFORE TAX		5,833	(24,867)
Taxation	5	2,982	1,065
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		8,815	(23,802)
Minority interests		(1,966)	4,458
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS		6,849	(19,344)
EARNINGS/(LOSS) PER SHARE	6		
Basic		11.74 cents	(41.08 cents)

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2003 (unaudited) HK\$'000	31 December 2002 (audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Properties, plant and equipment		8,010	5,475
Investment properties		22,000	31,200
Long term investments	7	56,386	50,394
Interests in associates	8	40,780	33,058
Goodwill		12,879	–
		<u>140,055</u>	<u>120,127</u>
CURRENT ASSETS			
Inventories		33,689	30,701
Trade and other receivables	9	69,558	44,032
Prepayments and deposits		1,808	4,680
Cash and cash equivalents	11	28,625	31,710
		<u>133,680</u>	<u>111,123</u>
CURRENT LIABILITIES			
Trade and other payables	10	33,771	29,918
Deposits received		263	285
Tax payable		2,502	4,779
Interest bearing bank borrowings	11	49,026	33,148
		<u>85,562</u>	<u>68,130</u>
NET CURRENT ASSETS		<u>48,118</u>	<u>42,993</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		188,173	163,120
MINORITY INTERESTS		<u>37,716</u>	<u>31,070</u>
		<u>150,457</u>	<u>132,050</u>
CAPITAL AND RESERVES			
Share capital	12	633	533
Reserves	13	149,824	131,517
		<u>150,457</u>	<u>132,050</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June

	2003 (unaudited) <i>HK\$'000</i>	2002 (unaudited) <i>HK\$'000</i>
Net cash used in operating activities	(27,640)	(28,244)
Net cash generated from/(used in) investing activities	6,558	(31,726)
Net cash used before financing activities	(21,082)	(59,970)
Net cash generated from financing activities	12,645	61,890
(Decrease)/increase in cash and cash equivalents	(8,437)	1,920
Cash and cash equivalents at 1 January	(16,927)	5,263
Effect of foreign exchange rate changes	(351)	58
Cash and cash equivalents at 30 June	(25,715)	7,241
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	28,625	54,570
Pledged time deposits and guaranteed fund	(15,854)	(16,300)
Bank overdrafts	(5,774)	(4,863)
Trust receipt loans repayable within three months	(32,712)	(26,166)
	(25,715)	7,241

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June

	2003 (unaudited) <i>HK\$'000</i>	2002 (unaudited) <i>HK\$'000</i>
At 1 January	132,050	227,584
Currency translation differences	(1,056)	(1,139)
Profit/(loss) for the period	6,849	(19,344)
Issue of new shares	13,000	101,850
Share issue expenses	(386)	(2,673)
	<hr/>	<hr/>
At 30 June	150,457	306,278
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2003

1. Basis of Preparation and Accounting Policies

The unaudited consolidated condensed interim statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants.

The same accounting policies adopted in the 2002 annual accounts have been applied to the interim financial report except that the Group has adopted Statement of Standard Accounting Practice 12 (revised) "Income taxes" issued by the Hong Kong Society of Accountants which became effective for accounting periods commencing on or after 1 January 2003. The adoption of Statement of Standard Accounting Practice 12 (revised) has no material effect on the Group's results for the current or prior accounting period.

2. Turnover, Revenue and Segmented Information

An analysis of the Group's turnover/revenue and results for the period by business segments is as follows:

	For the six months ended 30 June			
	Turnover/Revenue		Contribution to operating profit/(loss)	
	2003 (unaudited) <i>HK\$'000</i>	2002 (unaudited) <i>HK\$'000</i>	2003 (unaudited) <i>HK\$'000</i>	2002 (unaudited) <i>HK\$'000</i>
By activity				
Sale of electronic and related products	94,440	59,893	2,841	3,343
Smart card technology	3,229	5,791	462	(7,298)
Rental income	338	890	338	474
	<u>98,007</u>	<u>66,574</u>	<u>3,641</u>	<u>(3,481)</u>
Interest and other income			13,960	1,506
Unallocated corporate expenses			(11,165)	(20,965)
Share of results of associates			639	(550)
Finance costs			(1,242)	(1,377)
			<u>5,833</u>	<u>(24,867)</u>
By geographical area				
Asia	89,621	64,882	3,389	(3,556)
North America	5,888	1,157	35	61
Europe	2,498	535	217	14
	<u>98,007</u>	<u>66,574</u>	<u>3,641</u>	<u>(3,481)</u>

3. Profit/(Loss) from Operating Activities

This is stated at after crediting and charging the following:

	Six months ended 30 June	
	2003	2002
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross rental income	338	890
Less: outgoings	—	(99)
	<hr/>	<hr/>
Net rental income	338	791
Interest income	280	461
Profit on disposal of investment properties	2,320	—
Profit on deemed disposal of an associate	2,667	—
Provision for impairment of long term investments written back	4,992	—
and after charging:		
Amortisation and impairment loss on goodwill	1,210	6,630
Depreciation of properties, plant and equipment	1,625	1,989
Loss on disposal of properties, plant and equipment	157	119
	<hr/>	<hr/>

4. Finance Costs

	Six months ended 30 June	
	2003	2002
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest and similar charges on:		
Bank loans and overdrafts wholly repayable within five years	1,007	928
Finance lease	5	128
Others	230	321
	<hr/>	<hr/>
	1,242	1,377
	<hr/>	<hr/>

5. Taxation

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profit for the period.

5. Taxation (Continued)

The credit in taxation in the consolidated profit and loss account represents:

	Six months ended 30 June	
	2003	2002
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Overprovision in prior years:		
Outside Hong Kong	2,982	–
Deferred tax	–	1,065
	2,982	1,065

6. Earnings/(Loss) Per Share

The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders of HK\$6,849,000 (2002: loss of HK\$19,344,000) and the weighted average of 58,317,392 shares (2002: 47,089,807 shares restated to reflect consolidation of shares) in issue during the Current Period.

The diluted earnings/(loss) per share for the periods ended 30 June 2003 and 2002 have not been shown as there were no dilutive potential ordinary shares in existence during the respective periods.

7. Long Term Investments

	30 June	31 December
	2003	2002
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted equity investments, at cost	72,230	72,230
Loan receivable	3,500	2,500
Listed investments (Hong Kong Stock Exchange) at cost	144	144
	75,874	74,874
Less: provision for impairment	(19,488)	(24,480)
Net carrying value	56,386	50,394
Listed investments, at market value	56	115

7. Long Term Investments (Continued)

During the Current Period, the Group has paid up the final installment for the acquisition of a loan receivable ("the Loan") from the liquidators of a large group of companies. On 31 March 2003, the Group entered into an agreement with the Borrower of the Loan to convert the full face value of the Loan into equity of the new holding company of the Borrower upon its successful financial restructuring, which is expected to take place before the end of the year.

8. Interests in Associates

Information relating to Bizipoint Group Limited, PVP Limited and their subsidiaries as required by SSAP 10 (revised) "Accounting for investments in associates" is as follows:

	Six months ended 30 June	
	2003	2002
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	8,978	1,152
Profit/(loss) for the period	2,220	(981)
	30 June	31 December
	2003	2002
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Long term assets	25,206	509
Current assets	9,869	4,838
Current liabilities	(4,712)	(536)
Deferred income	(7,333)	(11,333)

9. Trade and Other Receivables

	30 June	31 December
	2003	2002
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	45,313	29,535
One to three months	12,741	13,979
More than three months	11,504	518
	69,558	44,032

10. Trade and Other Payables

	30 June 2003 (unaudited) HK\$'000	31 December 2002 (audited) HK\$'000
Current	14,583	11,964
One to three months	12,403	10,817
More than three months	6,785	7,137
	<u>33,771</u>	<u>29,918</u>

11. Interest Bearing Bank Borrowings

	30 June 2003 (unaudited) HK\$'000	31 December 2002 (audited) HK\$'000
Due within one year:		
Bank overdrafts - secured	5,774	4,193
Bank import loans - secured	32,712	28,598
Bank loan - unsecured	10,540	357
	<u>49,026</u>	<u>33,148</u>

The Group's time deposits and guaranteed funds totalling approximately HK\$15,854,000 (31 December 2002: HK\$15,847,000) have been pledged to banks as security for general banking facilities granted.

12. Share Capital

Ordinary shares

	Number of ordinary shares of HK\$0.01 each	Amount HK\$'000
Authorised:		
1 January 2003	15,000,000,000	150,000
Increase during the period	—	—
30 June 2003	<u>15,000,000,000</u>	<u>150,000</u>
Issued and fully paid:		
1 January 2003	53,289,768	533
Issue of new shares	<u>10,000,000</u>	<u>100</u>
30 June 2003	<u>63,289,768</u>	<u>633</u>

On 1 April 2003, the Company raised approximately HK\$12,600,000 (net of issuing expenses) by issuing 10,000,000 new shares at HK\$1.30 per share for cash to provide additional working capital and financial resources for business expansion and acquisitions.

13. Reserves

Group

	Share premium account HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
31 December 2002 (audited) and 1 January 2003					
46,317	46,317	83,274	11,270	(9,344)	131,517
Issue of new shares	12,900				12,900
Share issue expenses	(386)				(386)
Currency translation differences			(1,056)		(1,056)
Profit for the Current Period				6,849	6,849
30 June 2003 (unaudited)	<u>58,831</u>	<u>83,274</u>	<u>10,214</u>	<u>(2,495)</u>	<u>149,824</u>

14. Commitments

	30 June 2003 (unaudited) HK\$'000	31 December 2002 (audited) HK\$'000
Capital commitments		
Contracted for	–	1,012
Authorised but not contracted for	–	–
	–	–
Total minimum commitments under non-cancellable operating leases for land and buildings due:		
As lessee		
Within one year	5,214	4,732
In the second to fifth years, inclusive	5,766	4,473
After five years	1,681	–
	12,661	9,205
As lessor		
Within one year	2,109	–
In the second to fifth years, inclusive	6,276	–
After five years	1,172	–
	9,557	–

15. Related Party Transactions

	Six months ended 30 June 2003 (unaudited) HK\$'000	2002 (unaudited) HK\$'000
Consultancy fee (paid)/charged to an associate	(325)	950
Rental income charged to an associate	80	–
General and administrative expenses charged to an associate	840	–
Interest income from an associate	177	372
	–	–