

The Sincere Company, Limited

Interim Report 2003

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INTERIM RESULTS

The interim results for the six months ended 31 August 2003 have not been audited by the Company's auditors, but have been reviewed by the Audit Committee on 25 November 2003.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 31 August 2003

	Notes	2003 HK\$'000	2002 HK\$'000
TURNOVER	2	193,521	142,630
Cost of sales		(127,646)	(105,354)
Income from counter and consignment sales		26,999	25,440
Other revenue		6,072	4,015
Selling and distribution costs		(72,926)	(78,660)
General and administrative expenses		(53,219)	(56,503)
Other operating expenses		(63,812)	(6,756)
LOSS FROM OPERATING ACTIVITIES	3	(91,011)	(75,188)
Finance costs – interest expenses		(3,676)	(5,394)
Share of profits less losses of associates		(9,453)	7,894
LOSS BEFORE TAX		(104,140)	(72,688)
Tax	4	-	(3,932)
LOSS BEFORE MINORITY INTERESTS		(104,140)	(76,620)
Minority interests		3,146	172
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(100,994)	(76,448)
LOSS PER SHARE	5		
Basic		(17.59 cents)	(13.31 cents)
Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

31 August 2003

	Notes	31 August 2003 HK\$'000	28 February 2003 HK\$'000
NON-CURRENT ASSETS			
Fixed assets		323,668	362,729
Goodwill	6	16,000	18,765
Properties under development		145,630	166,301
Long term receivables		4,232	6,081
Interests in associates		234,593	223,603
Long term investments	7	50,158	50,158
Rental deposits		3,436	11,271
Pension scheme assets		5,506	5,506
		783,223	844,414
CURRENT ASSETS			
Properties under development for sale		192,223	156,652
Properties held for sale		16,336	45,018
Inventories		53,161	67,299
Debtors	8	1,223	1,735
Prepayments, deposits and other receivables		30,453	30,342
Marketable securities	9	313,812	391,229
Pledged bank balances		15,418	10,941
Pledged deposits with banks		22,127	15,791
Cash and bank balances	10	24,609	25,828
		669,362	744,835
CURRENT LIABILITIES			
Interest-bearing bank loans and overdrafts, secured		374,415	438,444
Creditors, deposits and accrued expenses	11	84,598	74,230
Tax		-	1,505
Unclaimed dividends		4,605	4,605
		463,618	518,784
NET CURRENT ASSETS		205,744	226,051
TOTAL ASSETS LESS CURRENT LIABILITIES		988,967	1,070,465
MINORITY INTERESTS		(3,612)	(3,835)
		985,355	1,066,630
CAPITAL AND RESERVES			
Issued share capital		287,154	287,154
Share premium account		26	26
Reserves		698,175	779,450
		985,355	1,066,630

Walter K W MA
Director

Philip K H MA
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

For the six months ended 31 August 2003

	Reserves						
	Issued share capital HK\$'000	Share premium HK\$'000	General reserve HK\$'000	Investment property revaluation reserve HK\$'000	Retained profits HK\$'000	Total reserves HK\$'000	Total HK\$'000
At 1 March 2003	287,154	26	38,812	16,967	723,671	779,450	1,066,630
Share of revaluation surplus of an associate	-	-	-	20,589	-	20,589	20,589
Exchange differences on translation of the financial statements of foreign entities	-	-	(870)	-	-	(870)	(870)
Loss for the period	-	-	-	-	(100,994)	(100,994)	(100,994)
At 31 August 2003	287,154	26	37,942	37,556	622,677	698,175	985,355

For the six months ended 31 August 2002

	Reserves						
	Issued share capital HK\$'000	Share premium HK\$'000	General reserve HK\$'000	Investment property revaluation reserve HK\$'000	Retained profits [#] HK\$'000	Total reserves HK\$'000	Total HK\$'000
At 1 March 2002							
As previously reported	287,154	26	36,196	20,172	967,295	1,023,663	1,310,843
Prior year adjustment	-	-	-	-	5,132	5,132	5,132
As restated	287,154	26	36,196	20,172	972,427	1,028,795	1,315,975
Share of revaluation deficit of an associate	-	-	-	(3,467)	-	(3,467)	(3,467)
Exchange differences on translation of the financial statements of foreign entities	-	-	361	-	-	361	361
Loss for the period	-	-	-	-	(76,448)	(76,448)	(76,448)
At 31 August 2002	287,154	26	36,557	16,705	895,979	949,241	1,236,421

[#] At 28 February 2003, the Company adopted Statement of Standard Accounting Practice ("SSAP") 34 "Employee Benefits" as detailed in the Group's annual financial statements for that year. The adoption of this SSAP has resulted in a change in the method of accounting for the defined benefit pension scheme. As a result, the Group's pension scheme assets as at 1 March 2002 has been increased by HK\$5,132,000 and the consolidated retained profits as at 1 March 2002 increased by the same amount.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT - UNAUDITED

For the six months ended 31 August 2003

	2003	2002
	HK\$'000	HK\$'000
Net cash inflow/(outflow) from:		
Operating activities	69,096	(54,648)
Investing activities	(9,554)	33,867
Financing activities	(63,120)	(45,044)
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Decrease in cash and cash equivalents	(3,578)	(65,825)
Cash and cash equivalents at beginning of period	6,150	69,061
Effects of foreign exchange rate changes, net	617	361
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Cash and cash equivalents at end of period	3,189	3,597
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ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

Cash and bank balances	24,609	24,320
Bank overdrafts	(21,420)	(20,723)
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	3,189	3,597
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 August 2003

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with SSAP 25 "Interim financial reporting". The accounting policies and basis of presentation are the same as those used in the annual financial statements for the year ended 28 February 2003, except that SSAP 12 (Revised) "Income Taxes" has been adopted for the first time in the preparation of the current period's condensed consolidated financial statements.

SSAP 12 (Revised) prescribes the basis for accounting for current and deferred income taxes. The principal impact of the revision of this SSAP in the condensed consolidated financial statements is that it requires full provision for deferred taxes is made for all taxable temporary differences instead of timing differences as previously adopted. The adoption of the revised SSAP 12 has had no major impact on these condensed consolidated financial statements.

Figures for the year ended 28 February 2003 are extracted from the Group's annual financial statements for that year.

2. SEGMENT INFORMATION

(a) Business segments

The following tables present revenue and results for the Group's business segments.

	Department store operations		Restaurant operations		Property rental		Property development		Securities trading		Corporate and others		Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:																
Sales to external customers	126,937	135,721	8,990	10,942	9,238	8,311	28,314	-	18,547	(12,383)	1,495	39	-	-	193,521	142,630
Inter-segment sales	-	-	-	-	3,992	3,600	-	-	-	-	2,230	-	(6,222)	(3,600)	-	-
Other revenue	27,566	25,440	1	-	3	-	373	-	111	-	1	-	(520)	-	27,535	25,440
Total	154,503	161,161	8,991	10,942	13,233	11,911	28,687	-	18,658	(12,383)	3,726	39	(6,742)	(3,600)	221,056	168,070
Segment results	(42,718)	(52,188)	(1,779)	(5,333)	7,070	10,061	(10,322)	(3,092)	16,089	(16,085)	(1,174)	(195)	-	-	(32,834)	(66,832)
Interest, dividend income and unallocated revenue															5,536	4,015
Unallocated expenses															(7,201)	(12,371)
Impairment on fixed assets	(3,094)	-	-	-	(4,643)	-	-	-	-	-	-	-	-	-	(7,737)	-
Impairment on investment properties in People's Republic of China ("PRC")	-	-	-	-	(24,686)	-	-	-	-	-	-	-	-	-	(24,686)	-
Impairment on properties under development in PRC	-	-	-	-	(20,671)	-	-	-	-	-	-	-	-	-	(20,671)	-
Impairment on other assets	(3,418)	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,418)	-
Loss from operating activities															(91,011)	(75,188)
Finance costs															(3,676)	(5,394)
Share of profits less losses of associates															(9,453)	7,894
Loss before tax															(104,140)	(72,688)
Tax															-	(3,932)
Loss before minority interests															(104,140)	(76,620)
Minority interests															3,146	172
Net loss from ordinary activities attributable to shareholders															(100,994)	(76,448)

(b) Geographical segments

The following tables present revenue for the Group's geographical segments.

	Hong Kong		PRC		United Kingdom		Others		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	152,114	151,085	5,280	1,581	28,314	-	7,813	(10,036)	193,521	142,630

3. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging:

	For the six months ended 31 August	
	2003	2002
	HK\$'000	HK\$'000
Depreciation	9,061	14,284
Amortisation and impairment of goodwill*	2,765	504
Impairment on fixed assets*	7,737	-
Impairment on investment properties in PRC*	24,686	-
Impairment on properties under development in PRC*	20,671	-
Impairment on other assets	3,418	-
Impairment loss on long term investments (note 7)	-	5,800
Loss on disposal of fixed assets	1,169	-
	—————	—————

* Amounts are included in "Other operating expenses" on the face of the condensed consolidated profit and loss account.

4. TAX

Tax in the condensed consolidated profit and loss account represents:

	For the six months ended 31 August	
	2003	2002
	HK\$'000	HK\$'000
Provision for tax in respect of profit for the period:		
Hong Kong	-	-
Overseas	-	-
	—————	—————
	-	-
Associates	-	3,932
	—————	—————
Tax charge for the period	-	3,932
	—————	—————

No provision for Hong Kong tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2002: Nil).

No overseas tax has been provided during the period (2002: Nil).

5. LOSS PER SHARE

The calculation of loss per share is based on the net loss from ordinary activities attributable to shareholders for the period of HK\$100,994,000 (2002: HK\$76,448,000) and the 574,308,000 (2002: 574,308,000) shares in issue throughout the period.

No diluted loss per share is presented for both current and last period as there are no dilutive potential ordinary shares.

6. GOODWILL

The amounts of the goodwill capitalised as an asset in the balance sheet, arising from the acquisition of subsidiaries, are as follows:

	HK\$'000
Cost:	
At 1 March 2003 and 31 August 2003	25,870
Accumulated amortisation and impairment:	
At 1 March 2003	(7,105)
Amortisation provided during the period	(494)
Impairment provided during the period	(2,271)
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At 31 August 2003	(9,870)
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Net book value:	
At 31 August 2003	16,000
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At 28 February 2003	18,765
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7. LONG TERM INVESTMENTS

	As at 31 August 2003 HK\$'000	As at 28 February 2003 HK\$'000
Unlisted investments at cost, less provision:		
Hong Kong	21,824	21,824
Taiwan	23,108	23,108
Overseas	34,538	34,538
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	79,470	79,470
Less: Provisions for impairment	(29,312)	(29,312)
	<hr/>	<hr/>
	50,158	50,158
	<hr/>	<hr/>

8. DEBTORS

The maturity profile of current portion of the amounts due from purchasers of units in the Sincere House at 31 August 2003 was as follows:

	As at 31 August 2003 HK\$'000	As at 28 February 2003 HK\$'000
Current – 3 months	297	421
4 – 6 months	303	430
7 – 12 months	623	884
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	1,223	1,735
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9. MARKETABLE SECURITIES

	As at 31 August 2003 HK\$'000	As at 28 February 2003 HK\$'000
Listed investments, at market value:		
Hong Kong	30,983	30,633
Overseas	282,829	360,596
	313,812	391,229

At the balance sheet date, marketable securities with an aggregate market value of approximately HK\$229,631,000 (28 February 2003: HK\$378,743,000) were pledged to banks to secure banking facilities granted to the Group.

10. CASH AND BANK BALANCES

	As at 31 August 2003 HK\$'000	As at 28 February 2003 HK\$'000
Cash on hand and in banks	24,609	24,652
Deposits with banks	-	1,176
	24,609	25,828

11. CREDITORS

The age analysis of trade creditors at 31 August 2003 included in the total creditors balance was as follows:

	As at 31 August 2003 HK\$'000	As at 28 February 2003 HK\$'000
Current – 3 months	22,701	17,404
4 – 6 months	1,050	909
7 – 12 months	1,368	827
Over 1 year	419	558
	25,538	19,698

12. CONTINGENT LIABILITIES

Contingent liabilities at the balance sheet date were as follows:

	As at 31 August 2003 HK\$'000	As at 28 February 2003 HK\$'000
Guarantees executed by the Group in favour of banks to secure a loan granted to an investee company	4,539	4,539
Guarantees executed by the Group in favour of banks to secure a loan granted to an associate	284,373	284,442

13. OUTSTANDING COMMITMENTS

Outstanding commitments at the balance sheet date were as follows:

	As at 31 August 2003 HK\$'000	As at 28 February 2003 HK\$'000
Irrevocable letters of credit	15,811	7,957
Capital commitments contracted, but not provided for	18,466	55,312
Commitments to purchase foreign currencies	132,053	17,000
Commitments to sell foreign currencies	132,413	17,000
Commitments to pay for delivery services	-	1,261
Commitments to pay for consultancy fee	-	3,100
	—————	—————

In addition to the above, an associate of the Group had outstanding capital commitments in aggregate of approximately HK\$46,000,000 (28 February 2003: HK\$34,478,000) as at the balance sheet date in respect of the property development projects in London, the United Kingdom. In the opinion of the management, these property development projects will be financed by bank borrowings instead of internal financial resources.

14. RELATED PARTY TRANSACTIONS

During the period, the Group had the following transactions with related parties. The directors confirm that all of these transactions were carried out in the ordinary and usual course of business of the Group.

		For the six months ended 31 August	
		2003	2002
	Notes	HK\$'000	HK\$'000
Provision of advertising services to a related company	(a)	408	-
Managements fee paid to a shareholder	(b)	601	-
		—————	—————

Notes:

(a) The advertising services provided to and services fees charged to this related company of which Charles M W CHAN, an independent non-executive director of the Company, is an executive director of this related company, were carried out in the ordinary course of business of the Group and were effected on prices and terms similar to other customers.

(b) Management fee related to services rendered by a minority shareholder, who has 19% equity interest in Sino State Development Limited, a subsidiary of the Company and was charged at a rate of approximately HK\$112,000 per month from March 2003 to April 2003 and approximately HK\$93,000 per month from May 2003 onwards.

15. SUBSEQUENT EVENT

On 14 October 2003, a resolution was passed by the board of directors of Matchgain Limited ("Matchgain"), a subsidiary of the Company that Matchgain was under liquidation in accordance with Section 228A of the Companies Ordinance.

INTERIM RESULTS

The Group's unaudited consolidated turnover for the six months ended 31 August 2003 amounted to HK\$194 million representing an increase of 36% from the last corresponding period. Owing to the impairment provision of the PRC property of HK\$50 million, the losses attributable to shareholders increased by HK\$25 million to HK\$101 million this period, representing an increase of 32%. The double-digit increase in turnover was mainly due to the increased sale of UK properties. The turnover of the retail operation recorded a decrease of 6% from the last corresponding period. During the March to May SARS period, our retail business volume dropped 50% and Management has taken immediate actions to respond to the sudden market changes by drastically reducing the operating costs. These measures had reduced the operating costs and thus trimmed down the retail loss by 18% from last period.

BUSINESS REVIEW AND PROSPECTS

The Group's retail operation loss recorded a decrease of 18% from the last corresponding period. This small improvement came despite of difficult economic circumstances, including the unexpected SARS epidemic deterring local spending and tourists visiting Hong Kong and, the sharp appreciation of the Euro currency that raised the import costs of our European merchandises. During this period, Management had implemented appropriate measures to reduce the operating expenses, temporarily reducing labour cost and wage level, deferring marketing campaign spending, maintaining the optimum inventory level, bringing in more concession counters and consignment sales. To eliminate loss-sustaining activities, the Mongkok store on Argyle Street was closed at the end of August 2003 with the expiry of the tenancy.

Overall on the store strategy, the Group had been looking for means to enlarge the customers' base and expand the departments with high margins like Handbags. For example Grand Century Place store, more resources had been deployed to provide a more welcoming and enlarged entrance. This aimed at recouping the customers from our Argyle Street store, attracting the new Mainland Chinese visitors and to provide a better shopping experience to our customers. A similar upgrading and revival project is planned for our Central store after the coming Lunar Chinese New Year. More promotional offers have been designed for our loyal and VIP members.

The Mövenpick Marché restaurant had also improved despite the SARS period. The operating result showed an improvement of 67%. This was mainly attributable to the effective control over food costs, the operating expenses and a more favourable rent arrangement.

In Dalian of PRC, due to the persistently sluggish property market and the economic downturn in Dalian, Management has made provision of impairment on the property for HK\$50 million in the current period.

In Shanghai, our convenience chain stores Sincere Daily Stop operations have been trading for a year and approximately 100 stores are now operating. We have developed a new generation of chain stores that provided a wider range of services; including on-site oven fresh bakery, laundry, film development, insurance, ticketing and internet services. The Group will continue to seek opportunities to expand its range of services and products offered, and to be more prominent in the town center. The Group's advertising business, 360 Communications Limited, had expanded its operations into China. Office in Shanghai has been established and started contributing turnover to the Group.

The home furniture joint ventures under the brand name "Day One Living" are now closed. The Group is re-positioning the lifestyle business and is considering operating under a project base company to compliment the property developer for new developments in China and Hong Kong.

THE SINCERE COMPANY, LIMITED INTERIM REPORT 2003

On the London UK property investments, after numerous delays, the Jubilee Street project should be ready for completion in the first quarter of 2004. About half of the 73 units had been pre-sold. The Belgravia project in Chesham Street, London are completely sold out with the only remaining flat let in June 2003. The construction for the remaining UK properties are progressing well and the marketing programs shall be launched as scheduled. The Park Lane Marriott Hotel are enjoying great occupancy and rave reviews.

Looking forward, lifting the barrier on the entry of visitors from China and the "Cooperation on Tourism Article" under the Closer Economic Partnership Arrangement between Hong Kong and China would benefit the general retail scene, and thus the retail arm of the Group in the second half of the year. To grasp this economic rebound, the Group will further strengthen the core retail business, include conducting analytical studies based on per square foot productivity and profitability, improving merchandise mix, widening the customer selection and market shares by adding more well-known brands with reference to the market trends. We have already experienced pick up in business volume in recent months.

With the stabilization of the economy in Hong Kong and the persistent GDP growth of over 7% in the Mainland China, the Group will continue to explore investment opportunities for a longer term development and is confident that the second half of this financial year would be improved.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 August 2003, the Group's had net current assets of HK\$206 million (HK\$226 million as at 28 February 2003), the current ratio remains the same as prior year ended at 1.44. The total borrowings less cash and cash equivalents amount to HK\$350 (HK\$412 million as at 28 February 2003). The gearing ratio, representing total debt to shareholders' funds, decreased from 41.1% at 28 February 2003 to 38% at 31 August 2003. The Group had sufficient bank facilities to fund its ongoing businesses. All of the Group's borrowings are fall due within one year.

The bank borrowings were made mainly in HK dollars, US dollars and Sterling Pound with interest rates ranging from 1.73% to 5.31%. There were no significant exposures to foreign currency fluctuations.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2003, the Group had 762 employees (including part time staff). The Group operates different remuneration schemes for sales and non-sales employees to motivate front-line staff for higher sales achievement. Sales personnel are remuneration on the basis of goal-oriented packages comprising salary and sales commission. Non-sales personnel are offered discretionary year-end bonuses based on individual merit. The Group also provides employee benefits such as subsidised medical care, staff purchase discounts and subsidised internal training.

INTERIM DIVIDEND

The Board of Directors of the Company has decided not to declare an interim dividend for the year ending 29 February 2004.

PRINCIPAL SHAREHOLDERS

At 31 August 2003, according to the register of interests kept by the Company pursuant to the Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as is known to the directors, The Sincere Life Assurance Company Limited and The Sincere Insurance & Investment Company, Limited were interested in 183,136,032 and 75,608,064 shares of HK\$0.50 each in the Company, representing 31.89% and 13.17% of the issued share capital of the Company, respectively. Save for the above, there were no other shareholders who had registered an interest, directly or indirectly, of 5% or more of the nominal value of issued equity share capital of the Company.

DIRECTORS' INTERESTS IN SHARES

As at 31 August 2003, the interests of directors in the share capital of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, were as follows:

(a) Long position in shares of the Company

Directors	Number of ordinary shares held				Total	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests		
Walter K W MA	9,925,000	-	-	-	9,925,000	1.7
Philip K H MA	2,000,000	-	-	-	2,000,000	0.3
John K K MA	3,200,000	-	-	-	3,200,000	0.6
King Wing MA	992,576	-	-	-	992,576	0.2
Eric K K LO	2,200,400	-	-	-	2,200,400	0.4
Charles M W CHAN	40,000	-	-	-	40,000	-

(b) Associated corporations

At 31 August 2003, Walter K W MA, Philip K H MA, John K K MA, King Wing MA and Eric K K LO held 527, 713, 2,382, 575 and 216 ordinary shares, respectively, in The Sincere Life Assurance Company Limited. In addition, at 31 August 2003, Philip K H MA and John K K MA held 500 and 565 promoter shares, respectively, in The Sincere Life Assurance Company Limited.

At 31 August 2003, Walter K W MA, Philip K H MA, John K K MA, King Wing MA and Eric K K LO held 4,521, 2,485, 2,197, 6 and 1,019 ordinary shares, respectively, in The Sincere Insurance & Investment Company, Limited.

At 31 August 2003, Walter K W MA, Philip K H MA and John K K MA held 10, 10 and 10 ordinary shares, respectively, in The Sincere Company (Perfumery Manufacturers) Limited.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with minimum company membership requirements.

Save as disclosed herein, as at 31 August 2003, none of the directors or any of their associates had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations that is required to be recorded and kept in the register in accordance with Section 352 of the SFO.

At no time during the financial period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme ("Option Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group. Eligible participants of the Option Scheme include any full-time employees and directors, excluding any non-executive directors, of the Group. The Option Scheme became effective on 1 August 2000 and, unless otherwise amended or altered, will remain in force for a period of 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Option Scheme is an amount equivalent, upon their exercise, of up to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Option Scheme is limited to 25% of the aggregate number of shares issuable under the Option Scheme.

The offer of the grant of a share option may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences on a date determinable by the directors, and ends on a date which is not later than 10 years from the commencement date of the exercise period or the expiry date of the Option Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) 90% of the average of the closing price of the Company's shares on The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the date of offer of the option; and (ii) the nominal value of the Company's shares.

No options had been granted or agreed to be granted under the Option Scheme up to the date of these condensed consolidated financial statements.

PURCHASE, SALE AND REDEMPTION OF OWN LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the period.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied 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 throughout the period, except that the non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association.