

The Board of Directors (“the Board”) of Sun East Technology (Holdings) Limited (“the Company”) announces the unaudited consolidated results (“the Unaudited Results”) of the Company and its subsidiaries (collectively, “the Group”) for the six months ended 30 September 2003 (“the Period”). The Unaudited Results have not been audited by the Company’s auditors, but have been reviewed by the Company’s Audit Committee on 19 December 2003:

## CONDENSED CONSOLIDATED PROFIT & LOSS ACCOUNT

	Notes	Six months ended 30 September 2003 (Unaudited) HK\$'000	Six months ended 30 September 2002 (Unaudited) HK\$'000
<b>TURNOVER</b>	3		
Continuing operations		224,756	168,688
Discontinued operations		–	103,217
		<u>224,756</u>	<u>271,905</u>
Cost of sales		(181,964)	(247,491)
Gross profit		42,792	24,414
Other revenue		1,117	1,688
Selling and distribution expenses		(8,513)	(16,346)
General and administrative expenses		(15,540)	(26,323)
Other operating expenses		–	(1,291)
		<u>19,856</u>	<u>(17,858)</u>
<b>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</b>	4	19,856	(17,858)
Finance costs	5	(581)	(1,030)
Share of results of an associate		–	–
		<u>19,275</u>	<u>(6,719)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>		19,275	(6,719)
Continuing operations		19,275	(6,719)
Discontinued operations		–	(12,169)
		<u>19,275</u>	<u>(18,888)</u>
Tax	6		
Continuing operations		(1,269)	(1,186)
Discontinued operations		–	(367)
		<u>(1,269)</u>	<u>(1,553)</u>
<b>NET PROFIT /(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>		<u>18,006</u>	<u>(20,441)</u>
Interim dividend	7	4,200	–
		<u>4,200</u>	<u>–</u>
<b>EARNINGS/(LOSS) PER SHARE</b>	8		
– Basic		5.77 cents	(6.55 cents)
		<u>5.77 cents</u>	<u>(6.55 cents)</u>
– Diluted		N/A	N/A
		<u>N/A</u>	<u>N/A</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

		30 September 2003 (Unaudited) HK\$'000	31 March 2003 (Audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9	156,726	154,818
Intangible assets		19,614	22,364
Interest in an associate	10	1,000	–
Other deposits and receivables		950	9,531
		<u>178,290</u>	<u>186,713</u>
<b>CURRENT ASSETS</b>			
Inventories		65,536	48,591
Accounts receivable	11	53,533	56,505
Prepayments, deposits and other receivables		19,203	11,347
Cash and cash equivalents		50,299	45,538
		<u>188,571</u>	<u>161,981</u>
<b>CURRENT LIABILITIES</b>			
Accounts and bills payable	12	58,897	56,281
Accruals and other payables		32,545	27,998
Interest-bearing bank borrowings		20,532	6,204
Finance lease payables		2,373	2,026
Tax payable		24,353	23,376
Amount due to directors		–	3,216
		<u>138,700</u>	<u>119,101</u>
<b>NET CURRENT ASSETS</b>		<u>49,871</u>	<u>42,880</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>228,161</u>	<u>229,593</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		2,504	22,186
Finance lease payables		1,755	1,046
Deferred tax		1,900	1,900
		<u>6,159</u>	<u>25,132</u>
		<u>222,002</u>	<u>204,461</u>
<b>CAPITAL AND RESERVES</b>			
Issued capital	13	31,200	31,200
Reserves		190,802	173,261
		<u>222,002</u>	<u>204,461</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	For the six months ended 30 September 2003								
	Issued share capital	Share premium account	Share Contributed surplus	Asset revaluation reserve	Exchange fluctuation reserve	Reserve and enterprise expansion funds	Retained profits	Proposed dividend	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2003	31,200	50,006	4,800	4,588	599	510	112,758	-	204,461
Net profit for the period	-	-	-	-	-	-	18,006	-	18,006
Interim dividend	-	-	-	-	-	-	(4,200)	4,200	-
Translation differences arising on consolidation	-	-	-	-	(465)	-	-	-	(465)
At 30 September 2003	31,200	50,006	4,800	4,588	134	510	126,564	4,200	222,002

	For the six months ended 30 September 2002								
	Issued share capital	Share premium account	Share Contributed surplus	Asset revaluation reserve	Exchange fluctuation reserve	Reserve and enterprise expansion funds	Retained profits	Proposed dividend	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2002	31,200	50,006	4,800	4,602	(284)	510	158,974	-	249,808
Net loss for the period	-	-	-	-	-	-	(20,441)	-	(20,441)
At 30 September 2002	31,200	50,006	4,800	4,602	(284)	510	138,533	-	229,367

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 September 2003 (Unaudited) HK\$'000	Six months ended 30 September 2002 (Unaudited) HK\$'000
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>23,644</b>	<b>(2,889)</b>
Net cash outflow from investing activities	(14,120)	(36,214)
Net cash inflow/(outflow) from financing activities	(4,298)	16,796
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,226</b>	<b>(22,307)</b>
Cash and cash equivalents at beginning of period	45,538	63,352
Effect on foreign exchange rate changes, net	(465)	–
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>50,299</b>	<b>41,045</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	37,064	32,245
Time deposits with original maturity of less than three months when acquired	13,235	14,138
Bank overdrafts	–	(5,338)
	<b>50,299</b>	<b>41,045</b>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. PRINCIPAL ACTIVITIES

The principal activities of the Group comprise the design, manufacture and distribution of Printed Circuit Board ("PCB") assembly equipment, automatic production line and automatic logistic warehouse.

### 2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

#### Basis of presentation

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and the basis of presentation are consistent with those used in the annual financial statements for the year ended 31 March 2003, except as described below.

In the Period, the Group has adopted SSAP 12 (Revised) "Income Taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the liability method under which a liability were recognized in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognized in respect of all temporary differences between the carrying amounts of assets and liabilities in the condensed consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of this standard has had no material effect on the results for the prior accounting periods. Accordingly, no prior period adjustment has been required.

## 3. SEGMENT INFORMATION

## (a) Business segments

The following table presents revenue and results for the Group's business segments.

## Group

	Continuing Operations				Discontinued operations						Consolidated	
	Production lines and production equipment		Brand name production equipment		Consumer products		Sub-contracting services		Elimination		six months ended	
	six months ended		six months ended		six months ended		six months ended		six months ended		six months ended	
	30 September		30 September		30 September		30 September		30 September		30 September	
(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Segment revenue:												
Sales to external customers	165,820	119,337	58,936	49,351	-	90,606	-	12,611	-	-	224,756	271,905
Other revenue – external	-	57	-	-	-	-	-	-	-	-	-	57
	<u>165,820</u>	<u>119,394</u>	<u>58,936</u>	<u>49,351</u>	<u>-</u>	<u>90,606</u>	<u>-</u>	<u>12,611</u>	<u>-</u>	<u>-</u>	<u>224,756</u>	<u>271,962</u>
Segment results	13,721	(12,144)	6,183	4,809	-	(8,336)	-	(3,209)	-	-	19,904	(18,880)
Interest and unallocated income											1,117	1,631
Unallocated expenses											(1,165)	(609)
Profit/(loss) from operating activities											19,856	(17,858)
Finance costs											(581)	(1,030)
Share of results of an associate											-	-
Profit/(loss) before tax											19,275	(18,888)
Tax											(1,269)	(1,553)
Net profit/(loss) from ordinary activities attributable to shareholders											<u>18,006</u>	<u>(20,441)</u>

## 3. SEGMENT INFORMATION (continued)

## (b) Geographical segments

The following table presents revenue and results for the Group's geographical segments.

## Group

	Hong Kong		The People's Republic of China ("PRC")		European Union		Elsewhere		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		30 September		30 September	
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Segment revenue:										
Sales to external customers	63,130	61,013	157,776	127,671	2,620	60,439	1,230	22,782	224,756	271,905
Segment results	7,204	(3,179)	12,573	(8,416)	32	(5,291)	95	(1,994)	19,904	(18,880)

## 4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	Six months ended 30 September	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Profit/(loss) from operating activities has been arrived at after charging:		
Depreciation	7,996	14,289
Cost of inventories sold and services provided	181,964	247,491
Amortisation of deferred development cost	-	73
Amortisation of technical know-how	2,750	385

## 5. FINANCE COSTS

	Six months ended 30 September	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	518	865
Interest on finance leases	63	165
	581	1,030

## 6. TAX

Hong Kong  
Elsewhere  
Deferred

Tax charge for the period

Six months ended  
30 September

2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
–	–
1,269	1,553
–	–
<u>1,269</u>	<u>1,553</u>

Hong Kong profits tax has not been provided for the period as the Group has adjusted tax loss carried forward from last year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

## 7. INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK1.2 cents (2002: NIL) per share for the six months ended 30 September 2003.

## 8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the period of approximately HK\$18,006,000 (2002: loss of HK\$20,441,000), and the issued share capital of 312,000,000 shares (2002: 312,000,000 shares). Diluted earnings per share has not been calculated as no diluting event existed during the period.

## 9. FIXED ASSETS

During the six months ended 30 September 2003, the additions to fixed assets including motor vehicle, machinery and equipment, and furniture and fixture, were approximately HK\$10 million.

## 10. INTEREST IN AN ASSOCIATE

During the period, a wholly-owned subsidiary of the Company incorporated a Hong Kong company named Sun East Sanki Company Limited ("SES") with Sanki Trading Company Limited of Japan. The Group injected HK\$1 million into SES and holds 50% equity interest in SES.



## 11. ACCOUNTS RECEIVABLE

An aged analysis of the accounts receivable as at the balance sheet date, based on the invoice date, is as follows:

	As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
Within 90 days	30,062	39,316
91 to 120 days	10,831	4,260
Over 120 days	27,285	29,946
	<u>68,178</u>	<u>73,522</u>
Less: Provision for doubtful debts	(14,645)	(17,017)
	<u><u>53,533</u></u>	<u><u>56,505</u></u>

The normal credit period granted by the Group to customers ranges from 30 to 180 days.

## 12. ACCOUNTS AND BILLS PAYABLE

An aged analysis of the accounts and bills payable as at the balance sheet date, based on the invoice date, is as follows:

	As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
Within 90 days	27,672	31,498
91 to 120 days	10,269	7,810
Over 120 days	20,956	16,973
	<u>58,897</u>	<u>56,281</u>

## 13. SHARE CAPITAL

	As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.10 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
312,000,000 ordinary shares of HK\$0.10 each	<u><u>31,200</u></u>	<u><u>31,200</u></u>

#### 14. RELATED PARTY TRANSACTIONS

There is no significant related party transaction during the period ended 30 September 2003.

#### 15. OPERATING LEASE ARRANGEMENTS

##### (a) As lessor

The Group leases its investment property under an operating lease arrangement, with the lease negotiated for a term of two years. The terms of the lease generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At 30 September 2003, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenant falling due as follows:

	As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
Within one year	83	84
In the second to fifth years, inclusive	14	54
	<u>97</u>	<u>138</u>

##### (b) As lessee

The Group leases certain of its factory premises under operating lease arrangements. Leases for these assets are negotiated for terms ranging from 1 to 3 years.

At 30 September 2003, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
Within one year	1,328	905
In the second to fifth years, inclusive	1,110	1,978
	<u>2,438</u>	<u>2,883</u>

The Company did not have any significant operating lease arrangements at the balance sheet date (31 March 2003: Nil)

## 16. COMMITMENTS

At the balance sheet date, the Group had the following commitment:

	As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
Capital commitments in respect of the acquisition of fixed assets:		
Contracted, but not provided for	–	974

## 17. CONTINGENT LIABILITIES

At the balance sheet date, the Group did not have any significant contingent liabilities.

## 18. POST BALANCE SHEET EVENTS

On 2 October 2003, the Company, Mind Seekers Investment Limited (“Mind Seekers”) and GuoTai Junan Securities (HK) Limited (“GuoTai Junan”) (an independent third party) entered into a placing and subscription agreement in respect of the placing of 38,000,000 shares through GuoTai Junan to independent investors at a price of HK\$0.61 per share. On completion of the placement, Mind Seekers subscribed for 38,000,000 new shares at a price of HK\$0.61 per share and proceeds of approximately HK\$23 million before related expenses, were received by the Company. The excess of the consideration received for shares issued over their nominal value, amounting to approximately HK\$19 million, before related expenses, was credited to the share premium account.

## 19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period’s presentation.

## BUSINESS REVIEW AND OUTLOOK

During the first half of the year, the Group has achieved excellent sales results. This coupled with the increase in the Group's overall gross margins of its new products, such as lead-free soldering machine, SMT series, automatic production lines and micro electronic precision wire bonding machine. The group restructuring and redeployment of resources conducted earlier this year and the stringent control of cost and expenses, have contributed to the successful turnaround of the Group. On the other hand, the disposal of Pro-Tech Industries Corp. during the previous financial year, a wholly-owned subsidiary of the Company with uncertain business prospects, has enabled the Group to allocate more resources towards products with high growth and returns for enhancing the Group's profitability. Meanwhile, it was the peak period during the last two years for the investment in the principal business of "Research, development and sales of electronic production equipment". At present, the Group has become a one-stop electronic equipment provider, supplying the most comprehensive range of electronic and automated production equipment solutions to the electronic products sector in the PRC. More importantly, all new products are gradually making profit contributions to the Group since the second quarter of this year.

With the recent improvement in the global economic environment, most countries and economic institutions have revised upward their economic growth forecast for 2004. The PRC will be benefited from this recovery which is driven by the bursting demand of consumers. In anticipation for significant increase in profits and the positive impact of low interest rates, enterprises in the PRC seem likely to increase their investments in production equipment.

In prior years, the business sector maintains a low inventory ratio in view of the uncertain economic prospects. With the economy now picking up momentum, the business sector will speed up their restocking process to cope with the sudden increase in sales volume. In order to follow the market trend closely, the business sector (especially the rapid growing industries such as computers, automobiles, pharmaceuticals and shipping) is in eager demand for sophisticated logistics and transportation systems.

The principal business of the Group is to provide upstream equipment to the electronic industry. The Group will leverage on this advantageous position with an aim to reaping the most benefits from the current revival of the electronic industry, and this will be achieved by the continual improvement of production technologies, accelerating research and development of new technologies and products, and closely following the market trend. With our internal and external advantages, our turnover and profitability will be further enhanced and strengthened, and the Group will enter into a period of rapid growth in the next few years. The management is fully confident with the Group's prospect, and will strive to bring satisfactory returns to our shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

For the six months ended 30 September 2003, the Group had turnover of approximately HK\$225 million, compared to continuing operations of approximately HK\$169 million for the same period of 2002. For the period, the Group recorded net profit from ordinary activities attributable to shareholders of approximately HK\$18 million, and a net loss of approximately HK\$20 million for the same period of 2002.

Profit during the period is mainly attributed by the increase in turnover and profit margin, and the effective control of cost and expenses.

### Printed Circuit Board Assembling Equipment

This operation comprises of the research, development and sales of stencil printer, automatic pick and place machine and soldering equipment. In order to enhance the profitability of this operation, the Group has successfully developed a fully-automated stencil printer, by now the only one manufactured in the PRC, which won the Hong Kong Awards for Industry (Machinery and Equipment Category) in October 2003. As our stencil printers have competitive advantages over the imported machines in terms of pricing and after sale services, demand has already exceeded supply within several months of the product launch.

In the last six months, the electronic industry has shown signs of recovery. The Samsung Pick and Place machine (distributed by the Group) and the soldering equipment (manufactured by the Group) have both achieved satisfactory sales. Moreover, it is expected that the soldering equipment will become one of the major sources of revenue of the Group. Such success is attributable to the following reasons. First, Japan, Europe and the PRC will implement their respective legislations regarding lead-free electronic products on 1st July 2006. Within the coming three years, existing soldering equipment for most electronic products shall be replaced to comply with the legislation. On the other hand, the Group has the largest share in the PRC's soldering equipment market, while only a few companies in the PRC can master the lead-free technology. Finally, the Group's lead-free soldering machine is over 30% cheaper than the imported ones. Due to the above reasons, the management will grasp the opportunities provided by this "lead-free" boom to enlarge the market shares of our operation, so as to build up long-term and steady earnings base for the Group.

### **Automated Logistic Warehouse**

Among our new operations, the Group has already secured renowned customers such as Haier, Legend, Gree, Skyworth and Kingboard Chemicals for its automated logistic warehouse. With newly acquired customers like Shanghai Bank Notes Printing Company Limited, Wanji Group Limited and Jiangling Motor Company Limited, it is clear that we have already established a diversified customer base outside the electronics sector, and this will lead to multifolded increase in market potential. The Group expects that annual sales will increase dramatically as compared with last year.

### **Others**

The Group has successfully developed high profit margin electronics production equipment like precision wire bonding equipment. Coupled with the huge domestic and foreign investments committed in the development of semiconductors, the Group is confident that this operation can gain satisfactory results.

### **Brand name production equipment**

During the period, the Group recorded steady growth in sales with turnover amounting to HK\$59 million. Profit margin has maintained at last year's level.

### **Liquidity**

As at 30 September 2003, the Group had net current assets of HK\$50 million (31 March 2003: HK\$43 million), mainly comprising cash and cash equivalents of approximately HK\$50 million (31 March 2003: HK\$46 million), prepayments, deposits and other receivables of approximately HK\$19 million (31 March 2003: HK\$11 million), inventories of approximately HK\$66 million (31 March 2003: HK\$49 million), and trade receivables of approximately HK\$54 million (31 March 2003: HK\$57 million) and current liabilities of approximately HK\$139 million (31 March 2003: HK\$119 million). The current ratio was approximately 1.4 as at 30 September 2003 (31 March 2003: 1.4).

As at 30 September 2003, the Group had total assets of approximately HK\$367 million (31 March 2003: HK\$349 million) and total liabilities of approximately HK\$145 (31 March 2003: HK\$144 million). The gearing ratio calculated as a percentage of long-term debt to equity was 1.9% (31 March 2003: 11.4%).

## Financial Resources

As at 30 September 2003, the Group had floating interest-bearing bank borrowings of approximately HK\$23 million (31 March 2003: HK\$28 million), of which HK\$19 million were denominated in Renminbi and HK\$4 million in Hong Kong dollars. The Group's bank borrowings are all repayable within five years. As at 30 September 2003, the Group's borrowings were secured by (i) first legal charges on certain of the Group's leasehold land and buildings and its investment property located in Hong Kong; (ii) guarantees provided by the Company.

As a significant portion of the Group's sales and purchases are denominated in Hong Kong dollars and Renminbi, in view of the stability of exchange rate of Hong Kong dollars and Renminbi, the directors consider the Group has no significant exposure to foreign exchange fluctuation. During the Period under review, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 30 September 2003.

As at 30 September 2003, cash and bank balances amounted to HK\$50 million, approximately HK\$15 million are denominated in Renminbi and the majority of the remaining balances are denominated in Hong Kong dollars.

## Contingent Liabilities

At the balance sheet date, the Group did not have any significant contingent liabilities.

## Employees

At 30 September 2003, the Group employed approximately 1,400 staff and workers in the PRC and approximately 50 staff in the Group's Hong Kong office. The Group's employees are remunerated in accordance with their work performance, experience and prevailing industry practices. The Group also participates in retirement schemes for its staff in the PRC and Hong Kong.

## Interim Dividend

The Board has resolved to pay an interim dividend of HK1.2 cents per share (2002: NIL) for the six months ended 30 September 2003 to shareholders whose names appear on the Register of Members of the Company at the close of business on 30 January 2004. The interim dividend will be paid on or before 10 February 2004.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 27 January 2004 to Friday, 30 January 2004, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrars in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour New Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 26 January 2004.

## DISCLOSURE OF ADDITIONAL INFORMATION

### Directors' Interest in Shares

As at 30 September 2003, the interests of the directors in the share capital of the Company and their associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, are set out below:

Name	Type of Interest	Number of ordinary shares held	Percentage of issued shares
Mr. But Tin Hing	Corporate	157,575,600	50.50%
Mr. But Tin Fu	Corporate	157,575,600	50.50%
Mr. Leung Cheong	Corporate	157,575,600	50.50%
Mr. Leung Kuen, Ivan	Corporate	157,575,600	50.50%

157,575,600 shares held by Mind Seekers Investment Limited ("Mind Seekers"), a company incorporated in the British Virgin Islands, the entire issued capital of which is beneficially owned by Messrs. But Tin Hing, But Tin Fu, Leung Cheong and Leung Kuen, Ivan, as to 50%, 20%, 20% and 10%, respectively.

Save as disclosed above, none of the directors or any of their associates had any personal, family, corporate or other beneficial interests in the issued share capital of the Company or any of its associated corporations, as recorded in the register required to be kept under Section 352 of the SFO as at 30 September 2003.



## **Directors' Right to Acquire Shares Debentures**

Apart from as disclosed under the headings "Directors' Interest in Shares" above and "Share Option Scheme" below, at no time during the period were the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debenture of the Company or any other body corporate.

## **Share Option Scheme**

On 30 August 2002, the Company adopted a new share option scheme (the "New Scheme") in order to comply with the Listing Rules in respect of share option schemes, whereby, the directors may, at their discretion, invite any eligible employees (including executive directors), independent non-executive directors, suppliers, customers, consultants, advisers, managers, officers of the Group and any other parties having contributed or may contribute to the research, development or technological support to the Group to take up options to subscribe for shares. The New Scheme will remain in force for six years from that date, unless otherwise cancelled or amended.

Under the New Scheme, the maximum number of unexercised share options currently permitted to be granted is an amount equivalent, upon their exercise, 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 New Scheme in any 12-month period may not exceed 1% of the issued share capital of the Company. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Meanwhile, the share option scheme adopted by the Company on 16 October 2000 (the "Old Scheme") ceased to operate on 30 August 2002.

The Company did not grant any share option under the New Scheme nor the Old Scheme.

### Substantial Shareholders

As at 30 September 2003, the following interest of 5% or more in the issued share capital of the Company were recorded according to the register kept by the Company under Section 336 of the SFO:

Name	Capacity	Number of ordinary shares held	Percentage of issued shares
Mind Seekers	Beneficial owner	157,575,600	50.5%

Save for the interests disclosed above, which are also included in the section “Directors Interests in Shares” above, the directors are not aware of any person who had, directly or indirectly, registered an interest in the issued share capital and underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

## AUDIT COMMITTEE

The Company has an audit committee (the “Committee”) which was established in accordance with the requirements of the Code of Best Practice (the “Code”), for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Committee comprises the two independent non-executive directors of the Company. The Group’s interim report for the period ended 30 September 2003 has been reviewed by the Committee. The Committee is of the opinion that these statements comply with the applicable accounting standards, and the Stock Exchange and legal requirements, and that adequate disclosures have been made.

## COMPLIANCE WITH THE 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 Listing Rules, throughout the period, except that the non-executive directors of the Company are not for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company’s bye-laws.

For and on behalf of the Board

**But Tin Fu**  
Chairman