



**Allan International Holdings Limited**

**(Incorporated in Bermuda with Limited Liability)**

**INTERIM REPORT 2002/2003**

## RESULTS

The board of directors of Allan International Holdings Limited announces the unaudited consolidated results of the Company and its subsidiaries (“the Group”) for the six months ended 30 September, 2002 together with the comparative figures for the six months ended 30 September, 2001, as follows:–

### CONDENSED CONSOLIDATED INCOME STATEMENT

|  |       | Unaudited<br>Six months ended<br>30 September, |                   |
|--|-------|--|-------------------|
|  |       | 2002   | 2001              |
|  | Notes | HK\$'000                                       | HK\$'000          |
| Turnover   | 2     | 396,064  | 400,241           |
| Cost of sales  |       | <u>(304,364)</u>                               | <u>(300,503)</u>  |
| Gross profit   |       | 91,700   | 99,738            |
| Other operating income   |       | 3,355  | 5,693             |
| Distribution costs   |       | (14,489)                                       | (17,434)          |
| Administrative expenses  |       | <u>(38,895)</u>                                | <u>(48,559)</u>   |
| Profit from operations   | 3     | 41,671   | 39,438            |
| Impairment loss<br>on investments in<br>non-trading securities |       | (4,553)  | –                 |
| Investment income  |       | 1,591  | 2,261             |
| Interest on borrowings<br>and finance lease charges            |       | <u>(171)</u>                                   | <u>(576)</u>      |
| Profit before taxation   |       | 38,538   | 41,123            |
| Taxation   | 4     | <u>(4,902)</u>                                 | <u>(8,122)</u>    |
| Net profit for the period                                      |       | <u>33,636</u>                                  | <u>33,001</u>     |
| Dividend   | 5     | <u>6,709</u>                                   | <u>6,709</u>      |
| Earnings per share   | 6     |  |                   |
| Basic  |       | <u>10.03 Cents</u>                             | <u>9.84 Cents</u> |

## CONDENSED CONSOLIDATED BALANCE SHEET

|   |              | Unaudited<br>30 September,<br>2002 | Audited<br>31 March,<br>2002 |
|---|--------------|------------------------------------|------------------------------|
|   | <i>Notes</i> | <i>HK\$'000</i>                    | <i>HK\$'000</i>              |
| <b>NON-CURRENT ASSETS</b>                                 |              |                                    |                              |
| Investment property                                       | 7            | 645                                | –                            |
| Property, plant and equipment                             | 7            | 163,471                            | 175,872                      |
| License fee   |              | 3,000                              | 4,000                        |
| Investments in securities                                 | 8            | 18,781                             | 5,962                        |
|   |              | 185,897                            | 185,834                      |
| <b>CURRENT ASSETS</b>                                     |              |                                    |                              |
| Inventories   |              | 93,625                             | 38,951                       |
| Trade debtors and bills<br>receivable                     | 9            | 152,790                            | 82,251                       |
| Deposits and prepayments                                  |              | 4,892                              | 2,688                        |
| Mould deposits paid                                       |              | 4,459                              | 3,732                        |
| Loans receivable  |              | 1,707                              | 1,820                        |
| Time deposits   |              | 148,698                            | 160,836                      |
| Bank balances and cash                                    |              | 11,563                             | 18,991                       |
|   |              | 417,734                            | 309,269                      |
| <b>CURRENT LIABILITIES</b>                                |              |                                    |                              |
| Trade creditors and bills<br>payable                      | 10           | 137,914                            | 44,072                       |
| Deposits received and accruals                            |              | 30,275                             | 24,633                       |
| Mould deposits received                                   |              | 3,650                              | 6,082                        |
| Taxation payable  |              | 5,120                              | 228                          |
| Obligations under finance<br>leases – due within one year |              | 5,284                              | 5,501                        |
|   |              | 182,243                            | 80,516                       |
| <b>NET CURRENT ASSETS</b>                                 |              | 235,491                            | 228,753                      |
|   |              | 421,388                            | 414,587                      |
| <b>CAPITAL AND RESERVES</b>                               |              |                                    |                              |
| Share capital   | 11           | 33,543                             | 33,543                       |
| Reserves  |              | 372,766                            | 362,892                      |
|   |              | 406,309                            | 396,435                      |
| <b>NON-CURRENT LIABILITIES</b>                            |              |                                    |                              |
| Deferred taxation   |              | 12,349                             | 12,815                       |
| Obligations under finance<br>leases – due after one year  |              | 2,730                              | 5,337                        |
|   |              | 15,079                             | 18,152                       |
|   |              | 421,388                            | 414,587                      |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Share<br>capital<br><i>HK\$'000</i> | Share<br>premium<br><i>HK\$'000</i> | Capital<br>redemption<br>reserve<br><i>HK\$'000</i> | Capital<br>reserve<br><i>HK\$'000</i> | Investments<br>revaluation<br>reserve<br><i>HK\$'000</i> | Dividend<br>reserve<br><i>HK\$'000</i> | Accumulated<br>profits<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|-------------------------------------|-------------------------------------|---|---------------------------------------|--|--|---|--------------------------|
| At 1 April, 2001<br>(audited)                         | 33,543                              | 109,884                             | 793   | 114                                   | (3,494)  | 20,126                                 | 203,750                                   | 364,716                  |
| Valuation decrease                                    | -                                   | -                                   | -   | -                                     | (1,787)  | -                                      | -   | (1,787)                  |
| Profit for the period                                 | -                                   | -                                   | -   | -                                     | -  | -                                      | 33,001                                    | 33,001                   |
| Dividends declared                                    | -                                   | -                                   | -   | -                                     | -  | 6,709                                  | (6,709)                                   | -                        |
| Dividends paid  | -                                   | -                                   | -   | -                                     | -  | (20,126)                               | -   | (20,126)                 |
| <b>At 30 September, 2001<br/>(unaudited)</b>          | <b>33,543</b>                       | <b>109,884</b>                      | <b>793</b>  | <b>114</b>                            | <b>(5,281)</b>   | <b>6,709</b>                           | <b>230,042</b>                            | <b>375,804</b>           |
| Valuation increase                                    | -                                   | -                                   | -   | -                                     | 275  | -                                      | -   | 275                      |
| Reserve realized upon<br>disposal                     | -                                   | -                                   | -   | -                                     | 35   | -                                      | -   | 35                       |
| Profit for the period                                 | -                                   | -                                   | -   | -                                     | -  | -                                      | 27,030                                    | 27,030                   |
| Dividend declared                                     | -                                   | -                                   | -   | -                                     | -  | 26,835                                 | (26,835)                                  | -                        |
| Dividend paid   | -                                   | -                                   | -   | -                                     | -  | (6,709)                                | -   | (6,709)                  |
| <b>At 31 March, 2002<br/>(audited)</b>                | <b>33,543</b>                       | <b>109,884</b>                      | <b>793</b>  | <b>114</b>                            | <b>(4,971)</b>   | <b>26,835</b>                          | <b>230,237</b>                            | <b>396,435</b>           |
| Valuation decrease                                    | -                                   | -                                   | -   | -                                     | (1,480)  | -                                      | -   | (1,480)                  |
| Reserves realized upon<br>impairment of<br>securities | -                                   | -                                   | -   | -                                     | 4,553  | -                                      | -   | 4,553                    |
| Profit for the period                                 | -                                   | -                                   | -   | -                                     | -  | -                                      | 33,636                                    | 33,636                   |
| Dividends declared                                    | -                                   | -                                   | -   | -                                     | -  | 6,709                                  | (6,709)                                   | -                        |
| Dividends paid  | -                                   | -                                   | -   | -                                     | -  | (26,835)                               | -   | (26,835)                 |
| <b>At 30 September, 2002<br/>(unaudited)</b>          | <b><u>33,543</u></b>                | <b><u>109,884</u></b>               | <b><u>793</u></b>                                   | <b><u>114</u></b>                     | <b><u>(1,898)</u></b>                                    | <b><u>6,709</u></b>                    | <b><u>257,164</u></b>                     | <b><u>406,309</u></b>    |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

|   | Unaudited<br>Six months ended<br>30 September, |                                       |
|---|--|---------------------------------------|
|   | 2002<br><i>HK\$'000</i>                        | 2001<br><i>HK\$'000</i><br>(restated) |
| Net cash from operating activities  | 29,980   | 27,392                                |
| Net cash used in investing activities   | (7,578)  | (22,645)                              |
| Net cash used in financing activities   | (29,830)                                       | (24,237)                              |
| Decrease in cash and cash equivalents   | (7,428)  | (19,490)                              |
| Cash and cash equivalents at<br>beginning of the period                                     | 18,991   | 41,724                                |
| Cash and cash equivalents at end<br>of the period, represented by<br>bank balances and cash | <u>11,563</u>                                  | <u>22,234</u>                         |
| Cash and cash equivalents as<br>previously reported   |  | 105,513                               |
| Effect of reclassification of time<br>deposits held for investment                          |  | (83,279)                              |
| Cash and cash equivalents as restated   |  | <u>22,234</u>                         |

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### (i) Basis of preparation

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants.

#### (ii) Principal accounting policies

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investments in non-trading securities and investment property.

In the current period, the Group has adopted, for the first time, the following SSAPs. The adoption of these SSAPs have resulted in a change in the format of presentation of the cash flow statement but has had no material effect on the results for the current or prior accounting periods.

##### *Investments in securities*

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the terms of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the period.

##### *Investment properties*

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm’s length.

Investment properties are stated at their open market value. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

#### *Cash flow Statements*

Under SSAP No. 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under separate headings, are classified as investing or financing cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. In addition, the amounts presented for cash and cash equivalents have been amended to exclude time deposits that are investing in nature. The re-definition of cash and cash equivalents resulted in a restatement in the comparative amounts shown in the cash flow statement.

Other than the above, the accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31 March, 2002.

## 2. SEGMENT INFORMATION

### Business segments

For management purposes, the Group is currently organised into two operating divisions – household electrical appliances and personal care products. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

*Six months ended 30 September, 2002*

|   | <b>Unaudited<br/>Household<br/>electrical<br/>appliances<br/>HK\$'000</b> | <b>Unaudited<br/>Personal<br/>care<br/>products<br/>HK\$'000</b> | <b>Unaudited<br/>Consolidated<br/>HK\$'000</b> |
|---|---|--|--|
| Turnover  | <u>299,781</u>  | <u>96,283</u>  | <u>396,064</u>                                 |
| Segment result  | <u>39,468</u>   | <u>2,203</u>   | 41,671   |
| Impairment loss on investments<br>in non-trading securities |   |  | (4,553)  |
| Investment income   |   |  | 1,591  |
| Interest on borrowings and<br>finance lease charges         |   |  | <u>(171)</u>                                   |
| Profit before taxation                                      |   |  | 38,538   |
| Taxation  |   |  | <u>(4,902)</u>                                 |
| Net profit for the period                                   |   |  | <u>33,636</u>                                  |

*Six months ended 30 September, 2001*

|   | <b>Unaudited<br/>Household<br/>electrical<br/>appliances<br/>HK\$'000</b> | <b>Unaudited<br/>Personal<br/>care<br/>products<br/>HK\$'000</b> | <b>Unaudited<br/>Consolidated<br/>HK\$'000</b> |
|---|---|--|--|
| Turnover  | <u>286,013</u>  | <u>114,228</u>   | <u>400,241</u>                                 |
| Segment result                                      | <u>36,990</u>   | <u>2,448</u>   | 39,438   |
| Investment income                                   |   |  | 2,261  |
| Interest on borrowings and<br>finance lease charges |   |  | <u>(576)</u>                                   |
| Profit before taxation                              |   |  | 41,123   |
| Taxation  |   |  | <u>(8,122)</u>                                 |
| Net Profit for the period                           |   |  | <u>33,001</u>                                  |

### 3. PROFIT FROM OPERATIONS

|  | Unaudited<br>Six months ended<br>30 September, |          |
|--|--|----------|
|  | 2002   | 2001     |
|  | HK\$'000                                       | HK\$'000 |
| Profit from operations has been arrived at after charging: |  |          |
| Amortization of license fee included in cost of sales      | 1,000  | 1,000    |
| Depreciation on property, plant and equipment              | 19,272   | 20,932   |
| and crediting:   |  |          |
| Gain on disposal of property, plant and equipment          | <u>498</u>                                     | <u>–</u> |

### 4. TAXATION

|  | Unaudited<br>Six months ended<br>30 September, |              |
|--|--|--------------|
|  | 2002   | 2001         |
|  | HK\$'000                                       | HK\$'000     |
| The charge comprises:  |  |              |
| Hong Kong Profits Tax calculated at 16% on estimated assessable profit |  |              |
| Current period   | 4,776  | 5,306        |
| Overprovision in prior period  | –  | (400)        |
| PRC enterprise income tax calculated at the prevailing rates           |  |              |
| Current period   | 592  | 246          |
| Under provision in prior period  | –  | 901          |
|  | <u>5,368</u>                                   | <u>6,053</u> |
| Deferred taxation  | <u>(466)</u>                                   | <u>2,069</u> |
|  | <u>4,902</u>                                   | <u>8,122</u> |

### 5. DIVIDENDS

On 2 September, 2002, a final dividend of HK5 cents (2001: HK6 cents) and a special dividend of HK3 cents (2001: Nil) per share were paid to the shareholders for the year ended 31 March, 2002.

The board of directors have determined that an interim dividend of HK2 cents (2001: HK2 cents) per share be paid on or before 13 January, 2003 to the shareholders of the Company whose names appear on the Register of Members on 27 December, 2002.

## 6. EARNINGS PER SHARE

The calculation of the earnings per share is based on the following data:

|   | <b>Unaudited<br/>Six months ended<br/>30 September,</b> |                             |
|---|---|-----------------------------|
|   | <b>2002</b>   | <b>2001</b>                 |
|   | <i>HK\$'000</i>   | <i>HK\$'000</i>             |
| Earnings for the purposes of basic earnings per share                 | <u>33,636</u>   | <u>33,001</u>               |
|   | <b>Unaudited<br/>Six months ended<br/>30 September,</b> |                             |
|   | <b>2002</b>   | <b>2001</b>                 |
|   | <b>Number<br/>of Shares</b>                             | <b>Number<br/>of Shares</b> |
| Number of ordinary shares for the purpose of basic earnings per share | <u>335,432,520</u>                                      | <u>335,432,520</u>          |

## 7. INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$12,530,000 on additions to property, plant and equipment (2001: HK\$23,239,000) and disposed of land and buildings with a carrying value of approximately HK\$5,014,000 (2001: Nil) for a consideration of HK\$5,500,000, resulting in a gain on disposal of approximately HK\$486,000.

In addition, the Group's land and building with carrying value of approximately HK\$645,000, was transferred to investment property during the period.

At 30 September, 2002, the directors had considered the value of the Group's investment property and estimated that the carrying value did not differ significantly from which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognized in the current period.

## 8. INVESTMENTS IN SECURITIES

|                                       | <b>Unaudited<br/>30 September,<br/>2002<br/>HK\$'000</b> | <b>Audited<br/>31 March,<br/>2002<br/>HK\$'000</b> |
|---------------------------------------|--|--|
| Held-to-maturity securities, at cost  | 14,299   | –  |
| Non-trading securities, at fair value | 4,482  | 5,962  |
|                                       | <u>18,781</u>  | <u>5,962</u>                                       |

During the period, the Group acquired securities of approximately HK\$15,488,000 (2001: Nil). Unrealised loss on investments of approximately HK\$1,480,000 (2001: HK\$1,787,000) was charged to the investment revaluation reserve account. In addition, the Group disposed of non-trading securities with a carrying value of approximately HK\$1,189,000 (2001: Nil) for a consideration of HK\$1,170,000, resulting in a loss on disposal of approximately HK\$19,000.

## 9. TRADE DEBTORS AND BILLS RECEIVABLE

The Group maintains defined credit policy generally up to 90 days. An aged analysis of trade debtors and bills receivable at the reporting date is as follows:

|               | <b>Unaudited<br/>30 September,<br/>2002<br/>HK\$'000</b> | <b>Audited<br/>31 March,<br/>2002<br/>HK\$'000</b> |
|---------------|--|--|
| Up to 90 days | 152,790  | 81,254   |
| 91 – 120 days | –  | 984  |
| Over 120 days | –  | 13   |
|               | <u>152,790</u>   | <u>82,251</u>                                      |

## 10. TRADE CREDITORS AND BILLS PAYABLE

An aged analysis of trade creditors and bills payable at the reporting date is as follows:

|               | <b>Unaudited<br/>30 September,<br/>2002<br/>HK\$'000</b> | <b>Audited<br/>31 March,<br/>2002<br/>HK\$'000</b> |
|---------------|--|--|
| Up to 90 days | 136,537  | 42,505   |
| 91 – 120 days | 525  | 749  |
| Over 120 days | 852  | 818  |
|               | <u>137,914</u>   | <u>44,072</u>                                      |

## 11. SHARE CAPITAL

|   | <b>Number<br/>of shares</b> | <b>Amount<br/>HK\$'000</b> |
|---|-----------------------------|----------------------------|
| Ordinary shares of HK\$0.10 each              |                             |                            |
| Authorized:                                   |                             |                            |
| At 1 April, 2002 and at<br>30 September, 2002 | <u>600,000,000</u>          | <u>60,000</u>              |
| Issued and fully paid:                        |                             |                            |
| At 1 April, 2002 and at<br>30 September, 2002 | <u>335,432,520</u>          | <u>33,543</u>              |

There were no movements in the Company's share capital for the current period.

## 12. CAPITAL COMMITMENTS

|  | <b>Unaudited</b><br><b>30 September,</b><br><b>2002</b><br><i>HK\$'000</i> | <b>Audited</b><br><b>31 March,</b><br><b>2002</b><br><i>HK\$'000</i> |
|--|--|--|
| Capital expenditure contracted for but not provided in respect of acquisition of property, plant and equipment | <u>782</u>   | <u>121</u>   |

## 13. RELATED PARTY TRANSACTIONS

During the period, rental expenses paid and payable to Allan Investment Company Limited amounted to HK\$450,000 (2001: HK\$450,000) and Income Village Limited amounted to HK\$102,000 (2001: HK\$102,000). The rentals were determined with reference to estimated market rates.

Mr. Cheung Lun, Mr. Cheung Pui, Mr. Cheung Shu Wan, Ms. Cheung Lai Chun, Maggie and Ms. Cheung Lai See, Sophie, directors of the Company, were interested in these transactions as directors and/or substantial shareholders of the above mentioned related companies.

## 14. POST BALANCE SHEET EVENT

Subsequent to 30 September, 2002, the Group disposed of investments in non-trading securities with an aggregate carrying value of approximately HK\$2,552,000 for a consideration of approximately HK\$3,140,000.

## BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 September, 2002, the Group recorded sales turnover of HK\$396,064,000 (2001: HK\$400,241,000). Although there has been a slight decrease of 1% in sales turnover, profit after taxation increased by 2% to HK\$33,636,000 (2001: HK\$33,001,000). Earnings per share increased by 2% to HK10.03 cents (2001: HK9.84 cents). The Board of Directors have determined that an interim dividend of HK2 cents (2001: HK2 cents) per share shall be paid.

Geographically, turnover to Europe increased by 14% to HK\$194,970,000 representing 49% of the Group's turnover. Turnover to America suffered a 12% decrease to HK\$148,683,000 representing 38% of the Group's turnover. Sales to America, which is mainly personal care products, had been affected by the port strike at the US west coast. Some shipments originally scheduled in September had been delayed to October and November. Turnover to Asia and other markets decreased by 13% to HK\$52,411,000 representing 13% of the Group's turnover.

Turnover of household electrical appliances increased by 5% to HK\$299,781,000 (2001: HK\$286,013,000) representing 76% of the Group's turnover. Turnover of personal products dropped by 16% to HK\$96,283,000 (2001: HK\$114,228,000) representing 24% of the Group's turnover.

Business environment remains difficult and highly competitive. The Group was constantly faced with downward pricing pressure from our customers. Despite the adverse conditions and difficult business environment, the Group has been able to further streamline the cost structure and achieved a 5% improvement in profit from operations. The drop in gross profit margin due to downward selling price was compensated by cost savings achieved in distribution costs and administrative expenses.

The group continues to maintain a strong balance sheet with a healthy liquidity position. As at 30 September, 2002, the Group's net assets amounted to HK\$406,309,000 with a bank deposit and cash balance of HK\$160,261,000. With the existing cash reserve and available banking facilities, we have sufficient financial resources for our current commitments, working capital requirements, further expansion of the Group's business operations and future investment opportunities, as and when required.

Looking ahead, the Group will continue to focus on continuous improvement in quality and efficiency in manufacturing, product development and cost control. In view of the current global economic situation, we believe the business environment would continue to be tough. However, with our strong financial position, determination and focus in manufacturing and product development, we are confident to meet the challenges lying ahead.

#### **DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY AND ASSOCIATED CORPORATIONS**

As at 30 September, 2002, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to section 29 of the Securities (Disclosure of Interests) Ordinance ("the SDI Ordinance") were as follows:

| <b>Name</b>                    | <b>Type of interest</b> | <b>Number of shares</b> |
|--------------------------------|-------------------------|-------------------------|
| Mr. Cheung Lun<br>(Note 1)     | Corporate and personal  | 149,679,960             |
| Mr. Cheung Shu Wan<br>(Note 2) | Corporate and personal  | 55,289,335              |
| Ms. Cheung Lai Chun,<br>Maggie | Personal                | 600,000                 |
| Ms. Cheung Lai See, Sophie     | Personal                | 500,000                 |
| Mr. Cheung Pui                 | Personal                | 1,000,000               |

*Notes:*

- (1) A total of 144,821,960 shares are held by Allan Investment Company Limited ("AICL"), a company owned as to 89% by Mr. Cheung Lun and his spouse, Ms. Tse Kam. The balance of the shares (11%) in AICL is owned by Mr. Cheung Pui. In addition, a total of 858,000 shares are held by Commence Investment Ltd., a company beneficially owned by Mr. Cheung Lun. the remaining 4,000,000 shares are held by Mr. Cheung Lun personally.
- (2) a total of 6,694,935 shares are held by Topsail Investments Inc., a company beneficially owned by Mr. Cheung Shu Wan. The remaining 48,594,400 shares are held by Mr. Cheung Shu Wan personally.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Other than the interests disclosed above in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10% or more in the issued share capital of the Company as at 30 September, 2002.

## **CLOSURE OF REGISTER**

The Register of Shareholders will be closed from 30 December, 2002 to 3 January, 2003, both days inclusive, during which period no transfer of shares will be effected.

All transfers, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Standard Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong no later than 4:00 p.m. on 27 December, 2002, in order to qualify for the interim dividend above mentioned.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September, 2002.

## **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 to the Listing Rules throughout the accounting period under review.

## **AUDIT COMMITTEE**

The Audit Committee and the external auditors have reviewed the unaudited interim financial statements of the Group for the six months ended 30 September, 2002.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to our employees, shareholders and business associates for their contribution and support to the Group.

On behalf of the Board  
**Cheung Shu Wan**  
*Managing Director*

Hong Kong, 12 December, 2002