

The logo for SUGA International Holdings Limited, featuring the word "SUGA" in a bold, blue, sans-serif font inside a white rectangular box with a blue border. The background of the entire page is a composite image with a purple and blue color scheme, showing a blurred keyboard, a cityscape, and various digital and technical icons like a circuit board and a lightbulb.

**SUGA**

INTERIM REPORT 2002



**SUGA INTERNATIONAL HOLDINGS LIMITED**  
(Incorporated in Bermuda with limited liability)

## INTERIM RESULTS

The Board of Directors (the “Directors”) of Suga International Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2002, together with comparative figures as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	Six months ended 30 September	
		2002 HK\$'000 (unaudited)	2001 HK\$'000 (unaudited)
Turnover	3	228,799	134,864
Cost of sales		<u>(190,798)</u>	<u>(105,945)</u>
Gross profit		38,001	28,919
Research and development costs		(303)	(249)
Distribution and selling expenses		(3,069)	(2,212)
General and administrative expenses		(12,927)	(10,127)
Amortisation of negative goodwill		400	143
Gain on disposal of interest in a subsidiary	4	<u>9,076</u>	<u>129</u>
Operating profit	5	31,178	16,603
Interest income		118	239
Interest expense		<u>(912)</u>	<u>(404)</u>
Profit before taxation		30,384	16,438
Taxation	6	<u>(3,550)</u>	<u>(2,903)</u>
Profit attributable to shareholders		<u>26,834</u>	<u>13,535</u>
Interim dividend	7	<u>5,000</u>	<u>–</u>
Earnings per share	8	<u>17.4 cents</u>	<u>9.0 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 September 2002 HK\$'000 (unaudited)	As at 31 March 2002 HK\$'000 (audited)
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, machinery and equipment	9	56,130	53,024
Negative goodwill		(15,048)	(15,448)
Pledged long-term investment	10	3,510	3,510
		<u>44,592</u>	<u>41,086</u>
<b>CURRENT ASSETS</b>			
Inventories		68,408	35,551
Prepayments, deposits and other current assets		11,170	9,611
Trade receivables	11	85,713	52,522
Pledged short-term investment	12	780	-
Pledged bank deposits		6,225	3,167
Other cash and bank deposits		37,243	15,598
		<u>209,539</u>	<u>116,449</u>
<b>CURRENT LIABILITIES</b>			
Short-term bank borrowings		(45,312)	(16,549)
Current portion of long-term bank loan		(3,334)	(3,334)
Trade payables	13	(59,290)	(29,343)
Accruals and other payables		(3,865)	(4,209)
Taxation payable		(9,300)	(6,182)
		<u>(121,101)</u>	<u>(59,617)</u>
Net current assets		<u>88,438</u>	<u>56,832</u>
Total assets less current liabilities		<u>133,030</u>	<u>97,918</u>

**CONDENSED CONSOLIDATED BALANCE SHEET** *(continued)*

		<b>As at 30 September 2002 HK\$'000 (unaudited)</b>	As at 31 March 2002 HK\$'000 (audited)
Representing:			
SHARE CAPITAL	14	20,000	200
SHARE PREMIUM		17,872	–
CAPITAL RESERVE		10,591	11,446
RETAINED PROFIT		69,713	46,533
PROPOSED DIVIDEND		5,000	30,000
Shareholders' equity		<u>123,176</u>	<u>88,179</u>
MINORITY INTEREST		<u>15</u>	<u>–</u>
NON-CURRENT LIABILITIES			
Long-term bank loan	15	3,611	5,277
Deferred taxation		1,044	1,044
Finance lease obligations, non-current portion		<u>5,184</u>	<u>3,418</u>
		<u>9,839</u>	<u>9,739</u>
		<u>133,030</u>	<u>97,918</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	30 September	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash (outflow)/inflow from operating activities	(967)	38,844
Net cash used in investing activities	(41,363)	(24,038)
Net cash inflow/(outflow) from financing activities	63,975	(2,267)
Increase in cash and bank deposits	21,645	12,539
Cash and bank deposits at beginning of period	15,598	7,040
Cash and bank deposits at end of period	37,243	19,579

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Six months ended 30 September 2002					
	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Capital Reserve <i>HK\$'000</i>	Retained Profit <i>HK\$'000</i>	Proposed Dividend <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 1 April 2002</b>	200	-	11,446	46,533	30,000	88,179
Issue of shares through public offer and placing	5,000	-	-	-	-	5,000
Premium on issue of ordinary shares	-	45,000	-	-	-	45,000
Share issue expenses	-	(12,328)	-	-	-	(12,328)
Capitalisation of share premium	14,800	(14,800)	-	-	-	-
Transfer from capital reserve to retained profit upon disposal of a subsidiary	-	-	(855)	855	-	-
Goodwill reversed upon disposal of a subsidiary	-	-	-	491	-	491
Profit for the period	-	-	-	26,834	-	26,834
Dividend paid	-	-	-	-	(30,000)	(30,000)
Proposed dividend	-	-	-	(5,000)	5,000	-
<b>As at 30 September 2002</b>	<b>20,000</b>	<b>17,872</b>	<b>10,591</b>	<b>69,713</b>	<b>5,000</b>	<b>123,176</b>

	Unaudited					
	Six months ended 30 September 2001					
	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Capital Reserve <i>HK\$'000</i>	Retained Profit <i>HK\$'000</i>	Proposed Dividend <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2001	200	-	11,446	49,264	-	60,910
Goodwill reversed upon disposal of a subsidiary	-	-	-	51	-	51
Profit for the period	-	-	-	13,535	-	13,535
<b>As at 30 September 2001</b>	<b>200</b>	<b>-</b>	<b>11,446</b>	<b>62,850</b>	<b>-</b>	<b>74,496</b>



## **NOTES TO THE ACCOUNTS**

*(Expressed in Hong Kong Dollars)*

### **1. Basis of preparation and comparative figures**

The Company was incorporated in Bermuda on 28 September 2001 under the Companies Act 1981 of Bermuda (as amended) as an exempted company with limited liability. The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of electronics appliances. The Company's shares have been listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 18 September 2002.

Pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the shares of the Company on the Stock Exchange, the Company acquired the entire issued share capital of Suga International Limited through a share swap and became the holding company of the companies now comprising the Group on 23 August 2002. Details of the Reorganisation are set out in the prospectus of the Company dated 6 September 2002.

The Reorganisation is accounted for using merger accounting as permitted by the Statement of Standard Accounting Practice ("SSAP") 27 "Accounting for group reconstructions" issued by the Hong Kong Society of Accountants ("HKSA"). The condensed consolidated financial statements for the six months ended 30 September 2002, including the comparative figures, are prepared as if the Company had been the holding company of the Group from the beginning of the earliest period presented.

### **2. Principal accounting policies**

The condensed consolidated financial statements have been prepared in accordance with SSAP 25 (revised), "Interim Financial Reporting", issued by the HKSA.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2002, except for the following new/revised SSAPs issued by the HKSA which have been adopted for the first time:

SSAP 1 (revised):	Presentation of financial statements
SSAP 11 (revised):	Foreign currency translation
SSAP 15 (revised):	Cash flow statements
SSAP 25 (revised):	Interim financial reporting
SSAP 34:	Employee benefits

A summary of their major effect is as follows:

The main revision to SSAP 1 is to change the requirement from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed consolidated statement of changes in equity for the current interim period and the comparative figures have been presented in accordance with the revised SSAP.

SSAP 11 (revised) prescribed the basis of presentation of foreign currency transactions and financial statements. This revised SSAP has no material impact on the condensed consolidated financial statements.

SSAP 15 (revised) prescribed the provision of information about the historical changes in cash and cash equivalents by means of a cash flow statement which classifies cash flows during the period into operating, investing and financing activities. The condensed consolidated cash flow statement for the current interim period and the comparative figures have been presented in accordance with the revised SSAP.

SSAP 25 (revised) prescribed the presentation and disclosures following changes in SSAP 1 (revised) and SSAP 15 (revised). The condensed consolidated financial statements for the current interim period and the comparative figures have been presented in accordance with the revised SSAP.

SSAP 34 prescribed the accounting treatment and disclosures for employee benefits. This SSAP has no major impact on these condensed consolidated financial statements.



### 3. Segmental Information

#### *Business Segments*

The Group comprised two major operating units: (i) sales of electronic products (the “turnkey unit”) and (ii) provision of contract processing services (the “contract processing unit”).

	Turnover		Operating Profit	
	Six months ended		Six months ended	
	30 September		30 September	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Turnkey unit	221,341	116,136	25,035	10,327
Contract processing unit	7,458	18,728	6,143	6,276
	<u>228,799</u>	<u>134,864</u>	<u>31,178</u>	<u>16,603</u>
Interest income			118	239
Interest expense			(912)	(404)
Taxation			(3,550)	(2,903)
Profit attributable to Shareholders			<u>26,834</u>	<u>13,535</u>

#### *Geographical Segments*

	Turnover	
	Six months ended	
	30 September	
	2002	2001
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The United States of America	74,077	40,882
Japan	20,254	68,201
Asia Pacific Region (excluding Hong Kong and Japan)	89,526	8,249
Europe	1,787	–
Hong Kong	43,155	17,532
	<u>228,799</u>	<u>134,864</u>

No analysis of operating profit by geographical segments is presented as they were generally in line with the distribution of turnover as set out above.

#### 4 Gain on disposal of interest in a subsidiary

On 23 August 2002, Suga Electronics Limited, a wholly-owned subsidiary, disposed of its entire equity interest in S&V Lighting Limited, a company engaged in the research and development of lighting products, to companies beneficially owned by Mr. Ng Chi Ho, Mr. Ma Fung On and Mr. Fung Chi Leung, Mark, directors and shareholders of the Company, for an aggregate cash consideration of HK\$1,000 and the gain resulted from the disposal of interest in this subsidiary was approximately HK\$9,076,000.

#### 5. Operating profit

Operating profit was stated after charging and crediting the following:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<i>After charging –</i>		
Cost of inventories sold	<b>186,001</b>	103,032
Staff costs (including director's emoluments)		
Salary, wages and other benefits	<b>14,929</b>	14,862
Defined contribution plans	<b>541</b>	329
Operating lease rentals of premises	<b>1,123</b>	1,858
Net exchange loss	<b>–</b>	349
Provision for bad and doubtful debts	<b>600</b>	–
Provision for obsolete and slow-moving inventories	<b>500</b>	1,600
Depreciation of property, machinery and equipment		
– owned assets	<b>1,450</b>	1,313
– assets held under finance leases	<b>1,195</b>	–
Auditors' remuneration	<b>192</b>	388
<i>After crediting –</i>		
Amortisation of negative goodwill	<b>400</b>	143
Net exchange gain	<b>39</b>	–
Gain on disposal of interest in a subsidiary ( <i>Note 4</i> )	<b>9,076</b>	129

## 6. Taxation

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Current taxation		
– Hong Kong profits tax	<b>1,850</b>	1,600
– Mainland China enterprise income tax	<b>1,700</b>	1,303
	<b><u>3,550</u></b>	<u>2,903</u>

The Company is exempt from taxation in Bermuda until 28 March 2016. Hong Kong profits tax was provided at a rate of 16% (2001 – 16%) on the estimated assessable profit arising in or derived from Hong Kong. The subsidiaries established in Mainland China are located in Shenzhen, a Special Economic Zone, and the Mainland China enterprise income tax was provided at a rate of 15% (2001 – 15%). The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Act of the British Virgin Islands and are exempted from the British Virgin Islands income taxes.

## 7. Interim Dividend

The Board of Directors has proposed an interim dividend of HK2.5 cents per share, totaling HK\$5,000,000 (2001: Nil) for the six months ended 30 September 2002 to shareholders whose names appear on the register of members of the Company on 31 December 2002. The share register of members will be closed from 27 December to 31 December 2002, both days inclusive. The dividend will be paid on 20 January 2003.

## 8. Earnings Per Share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$26,834,000 (2001: HK\$13,535,000) and on the weighted average number of 154,098,000 (2001: 150,000,000) shares in issue during the period. No information in respect of diluted earnings per share is presented for the six months ended 30 September 2002 as there is no dilutive potential share for this period.

## 9. Property, machinery and equipment

Movements of property, machinery and equipment for the six months ended 30 September 2002:

	<b>HK\$'000</b>
	<b>(unaudited)</b>
Net book value at 1 April 2002	<b>53,024</b>
Additions	<b>6,825</b>
Disposal of a subsidiary	<b>(1,074)</b>
Depreciation	<b>(2,645)</b>
	<b><u>56,130</u></b>
Net book value at 30 September 2002	<b><u>56,130</u></b>

**10. Pledged long-term investment**

Long-term investment was stated at fair value at 30 September 2002. It represented investment in unlisted units in investment fund managed by an investment company in Hong Kong and is pledged as collateral for the banking facilities of the Group.

**11. Trade receivables**

The Group granted credit terms to its customers ranging from 30 to 70 days. The ageing analysis of trade receivables is as follows:

	<b>As at 30 September 2002 HK\$'000 (unaudited)</b>	<b>As at 31 March 2002 HK\$'000 (audited)</b>
0 to 30 days	<b>68,736</b>	41,825
31 to 60 days	<b>14,019</b>	2,992
61 to 90 days	<b>1,474</b>	3,261
91 to 180 days	<b>336</b>	2,536
181 to 365 days	<b>534</b>	1,607
1 to 2 years	<b>1,063</b>	386
2 to 3 years	<b>530</b>	294
	<b>86,692</b>	52,901
<i>Less: Provision for bad and doubtful debts</i>	<b>(979)</b>	(379)
	<b>85,713</b>	52,522

**12. Pledged short-term investment**

Short-term investment was stated at fair value at 30 September 2002. It represented a short-term note held in a bank in Hong Kong and is pledged as collateral for the banking facilities of the Group.

**13. Trade payables**

Ageing analysis of trade payables is as follows:

	<b>As at 30 September 2002 HK\$'000 (unaudited)</b>	As at 31 March 2002 HK\$'000 (audited)
0 to 30 days	48,479	26,467
31 to 60 days	6,627	1,006
61 to 90 days	1,302	441
91 to 180 days	1,965	53
181 to 365 days	596	1,153
1 to 2 years	98	101
2 to 3 years	223	122
	<u>59,290</u>	<u>29,343</u>

**14. Share Capital**

	<b>Number of shares '000</b>	<b>Nominal value HK\$'000 (unaudited)</b>
Authorised (ordinary shares of HK\$0.1 each)		
Upon incorporation	1,000	100
Increase in authorized share capital (b)	1,999,000	199,900
	<u>2,000,000</u>	<u>200,000</u>
As at 30 September 2002		
Issued and fully paid		
Issue of shares upon incorporation (a)	1,000	–
Issue of shares arising from the reorganization (c)	1,000	200
Issue of shares through public offering and private placement (d)	50,000	5,000
Capitalisation of share premium (e)	148,000	14,800
	<u>200,000</u>	<u>20,000</u>
As at 30 September 2002		

- a. On 28 September 2001, the Company was incorporated with an authorised share capital of HK\$100,000 divided into 1,000,000 shares of HK\$0.1 each. All of these shares were issued and nil paid on 11 October 2001 and were subsequently paid up in the manner described in Note c below.
- b. On 23 August 2002, the Company's authorised share capital was increased from HK\$100,000 to HK\$200,000,000 by the creation of additional 1,999,000,000 shares ranking pari passu with the then existing shares in all respects.

- c. On 23 August 2002, the Company issued 1,000,000 shares which together with the 1,000,000 shares issued upon incorporation were credited as fully paid as consideration for the acquisition of the entire issued share capital of Suga International Limited.
- d. On 16 September 2002, 50,000,000 shares were issued at HK\$1 per share through a public offering and private placement ("the New Issue") resulting in cash proceeds of HK\$50,000,000.
- e. Immediately after the New Issue, share premium of approximately HK\$14,800,000 was capitalized by the issuance of 148,000,000 shares of HK\$0.1 each on a pro-rata basis to the Company's shareholders before the New Issue.

The share capital presented in the consolidated balance sheet as at 31 March 2002 represented the share capital of the Company, arising on the incorporation and from the share swap transaction as described in notes (a) and (c) above, which is deemed to have been in issue throughout the accounting periods presented in these financial statements in accordance with the basis of preparation referred to in Note 1. The difference between the nominal value of these shares and the nominal value of shares of the subsidiaries acquired pursuant to the Reorganisation is accounted for as capital reserve as at 31 March 2002.

## 15. Long-term bank loan

Long-term bank loan consisted of:

	<b>As at 30 September 2002 (unaudited)</b>	As at 31 March 2002 (audited)
Amounts repayable within a period		
– not exceeding one year	<b>3,334</b>	3,334
– more than one year but not exceeding two years	<b>3,334</b>	3,334
– more than two years but not exceeding five years	<b>277</b>	1,943
	<b>6,945</b>	8,611
<i>Less:</i> Amounts repayable within one year	<b>(3,334)</b>	(3,334)
	<b>3,611</b>	5,277

As at 30 September 2002, the long-term bank loan was secured and bore interest at commercial lending rates.

## 16. Related party transactions

During the period, the Group made sales of finished goods amounted to HK\$409,000 (2001: Nil) to S&V Lighting Limited, a company beneficially owned by Mr. Ng Chi Ho, Mr. Ma Fung On and Mr. Fung Chi Leung, Mark, directors and shareholders of the Company.



## BUSINESS REVIEW

On behalf of the Board of Directors, I am pleased to present the first interim results of the Group since its listing on the Main Board of the Stock Exchange on 18 September 2002. The Group achieved a major milestone with the successful issue of 50,000,000 shares raising the net amount of HK\$ 38 million to fund its future expansion.

For the six months ended 30 September 2002, the Group performed remarkably with turnover increased 70% to HK\$229 million, while profit attributable to shareholders rose a substantial 98% to HK\$27 million. Earnings per share were recorded at HK17.4 cents, compared to the last corresponding period's figure of HK9.0 cents.

2002 has been a difficult year for many players in the industry. The Group, however, leveraging its solid foundations and with the continuous support of its customers, has managed to double its earnings despite the lagging economy.

To produce niche products of the highest calibre and provide "one-stop" services to customers, the Group is committed to strengthening its research and development and to innovating and improving its efficiencies. Additionally, the Group has placed every effort into enhancing its sales and marketing capabilities. One of the Group's major achievements during the review period has been its business development in the PRC market.

In April 2002, the Group began manufacturing networking devices for Beijing Harbour Networks Co., Ltd. ("Harbour Networks"). Harbour Networks is a broadband IP network equipment provider in the PRC, supported by well-known international and Chinese stated-owned investment institutions. Its customers include telecom carriers, government departments, educational institutions and financial companies. During the review period, sales to Harbour Networks accounted for about 36% of the Group's turnover. This achievement has significantly boosted the Group's turnover from the Asia Pacific Region from 6% to 39%. This contribution is expected to grow further in line with the booming demand for networking products in the PRC.

The American market also performed satisfactorily during the period. With turnover rising 81% to HK\$74 million, America remained as the Group's second largest market. The satisfactory results are mainly attributable to the Group's strong business relationship with one of its major customers, Radio Systems. Radio Systems is principally engaged in the business of pet training devices and is the largest pet training devices company in America. Despite the sluggish economy in America, the spending of pet lovers on their pets has been barely affected. During the period, the Group enhanced its product variety and new products have been provided to Radio Systems. These new products have been well received by customers, generating more new orders for the Group.

Among the Group's three product categories: consumer electronic appliances and telecommunication products have recorded significant growth in turnover during the review period while office automation products has recorded a drop due to the strategic shift of resources to other categories. The telecommunications categories, benefiting from new networking devices business, showed the most outstanding growth with its share in the Group's turnover growing from 36% in the last corresponding period to 42%. A number of orders have been received from new customers. Together with orders placed by existing customers, orders on hand have been secured until March 2003.

The Group believes that strength in technology is the key to success. It deployed veteran product developers, placing a great deal of effort into diversifying its product ranges and upgrading its product qualities. For instance, the Group have been developing a series of animal training devices with radio frequency control. Research has been completed and these products will be introduced to the market in the first half of 2003.

## **PROSPECTS**

Looking ahead, the markets for telecommunication products and consumer electronics appliances will remain strong in the foreseeable future. To grasp the many opportunities ahead, the Group will on the one hand, enhance its manufacturing capacities, and on the other, strengthen its existing market penetration and explore new markets.

To enhance manufacturing capacities, the Group acquired additional machineries and expanded its production facilities. In October 2002, the Group set up a new production facility in Xi Xiang, Shenzhen, the PRC for the manufacture of networking devices for Harbour Networks. The new production facility, with an annual production capacities of 180,000 units and expandable to 360,000 units, will be capable of handling Harbour Network's orders for the next two years. According to IDC, sales of networking products for domestic PRC users and corporate users from 2001 to 2006 will grow at a CAGR of 28.2% and 32.8% respectively. Being a major manufacturer for Harbour Networks, we are confident that this business will continue to contribute aggressive growth and healthy profitability for the Group.

To strengthen existing market penetration and explore new markets, the Group has expanded its sales and marketing operations, recruiting sales personnel and overseas representatives, as well as participating in various trade fairs. Encouraging market responses and enquiries have been received, demonstrating that the Group is applying an appropriate marketing strategy.

The Group's success is also attributable to its constant focus on producing niche products supported by "one-stop" services. To further this success, the Group is placing every priority on shortening turnaround times, improving manufacturing efficiency and strengthening research and development capabilities.

The Directors are confident that our initiatives in customer partnerships, product development and market exploration will deliver powerful benefits to our customers and shareholders.

Finally, I would like to express my gratitude to all staff for their dedication and supports for the growth and success of the Company.

### **AUDIT COMMITTEE**

The audit committee has reviewed the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including the review of the unaudited interim report for the six months ended 30 September 2002.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2002, the Group maintained a sound financial position where the cash and bank deposits and current ratio were approximately HK\$43 million (31 March 2002: HK\$19 million) and 1.7 (31 March 2002: 2.0) respectively. Total bank borrowings amounted to approximately HK\$57 million (31 March 2002: HK\$29 million), comprising unsecured bank loans, trust receipts bank loans and finance lease obligations. Approximately HK\$7 million (31 March 2002: HK\$5 million) of property, machinery and equipments were held under finance lease obligations. This represented a gearing ratio (total borrowings/total assets) of 0.23 (31 March 2002: 0.19). The Group's borrowings are primarily denominated in Hong Kong and the United States dollars and the Group has no significant exposure to foreign exchange fluctuation. As at 30 September 2002, the Group had available facilities of approximately HK\$76 million in total with various banks which are secured by, among others, pledge of bank deposits amounted HK\$6 million, pledges of long-term investment and short-term investment, and the Group's inventories held under trust receipts bank loan arrangements. The Group had no material contingent liabilities as at 30 September 2002.

### **EMPLOYEES**

As at 30 September 2002, the Group had approximately 1,300 full time employees. Around 60 staff were based in Hong Kong and the rest were in our plants in China. Competitive remuneration packages are structured to commensurate with individual job duties, qualification, performance and years of experience.

## DIRECTORS' INTERESTS

As at 30 September 2002, the interests of the Directors in the issued share capital of the Company as recorded in the register maintained pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), were as follows:

Name of Director	Number of ordinary shares of HK\$0.1 each		
	Corporate interests	Family interests	Total interest
Ng Chi Ho ( <i>a</i> )	38,000,000	100,000,000	138,000,000
Ma Fung On ( <i>b</i> )	9,000,000	–	9,000,000
Fung Chi Leung, Mark ( <i>c</i> )	3,000,000	–	3,000,000

- a.* The 38,000,000 shares are held by Billion Linkage Limited, the entire issued share capital of which are held by Mr. Ng and his spouse in equal share and 100,000,000 shares are held by Superior View Inc., the entire issued share capital of which is ultimately held by Fidelitycorp Limited as the trustee of the C.H. Family Trust, the beneficiaries of which are the family members of Mr. Ng.
- b.* The 9,000,000 shares are held by Global Class Enterprises Limited, the entire issued share capital of which is held by Mr. Ma.
- c.* The 3,000,000 shares are held by Able Asset Developments Limited, the entire issued share capital of which is held by Mr. Fung.

Save as disclosed above, the Company had no notice of any interest to be recorded under Section 29 of the SDI Ordinance.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2002, according to the Register kept by the Company, the following entities were interested or taken or deemed to be interested in 10% or more of the issued share capital of the Company:

Name	Number of Shares	Approximate percentage of issued shares
Superior View Inc. (a)	100,000,000	50%
Billion Linkage Limited (b)	38,000,000	19%

- a. The entire issued share capital of Superior View Inc. is ultimately held by Fidelitycorp Limited as the trustee of the C.H. Family Trust, the beneficiaries of which are the family members of Mr. Ng.
- b. The entire issued share capital of Billion Linkage Limited is held by Mr. Ng and his spouse in equal share and Mr. Ng is deemed to be interested in all the shares held by Billion Linkage Limited under the SDI Ordinance.

Save as disclosed above, the Company had no notice of any interests to be recorded under Section 16(1) of the SDI Ordinance.

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

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

## CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate the Company is not, or was not for any part of the accounting period covered by this interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors have not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's Bye-laws.

By Order of the Board of Directors  
**Ng Chi Ho**  
*Chairman*

Hong Kong, 11 December 2002