

CONDENSED FINANCIAL STATEMENTS

The Board of Directors is pleased to announce that the unaudited condensed consolidated financial statements of the Company and its subsidiaries ("the Group") for the six months ended 28th February, 2003 are as follows:

Condensed Consolidated Income Statement

For the six months ended 28th February, 2003

			Six months ended 28th February, 2003 截至 二零零三年 二月二十八日 六個月止 (unaudited) (未經審核) HK\$'000 千港元	Six months ended 28th February, 2002 截至 二零零二年 二月二十八日 六個月止 (unaudited) (未經審核) HK\$'000 千港元
Turnover	營業額	3	2,549,432	2,127,506
Cost of sales	銷售成本		(1,809,704)	(1,551,656)
			739,728	575,850
Other operating income	其他營運收入		25,439	27,248
Distribution costs	銷售費用		(201,977)	(144,278)
Administrative expenses	行政費用		(288,051)	(244,958)
Impairment losses recognised in respect of property, plant and equipment	物業、機器及設備之 減值損失確認		—	(14,451)
Profit from operations	營運盈利	4	275,139	199,411
Finance costs	借貸成本	5	(20,034)	(26,677)
Share of results of jointly controlled entities	應佔共同控制機構 業績		—	250
Impairment losses recognised in respect of interests in jointly controlled entities	應佔共同控制機構權益 之減值損失確認		—	(32,930)
Profit before taxation	除稅前盈利		255,105	140,054
Taxation	稅項	6	(39,612)	(22,696)
Profit before minority interests	除少數股東權益前盈利		215,493	117,358
Minority interests	少數股東權益		(16,894)	(12,558)
Profit for the period	本期盈利		198,599	104,800
Dividend paid	已付股息	7	86,378	42,722
Earnings per share	每股盈利	8		
Basic	基本		25.33 cents 仙	13.49 cents
Diluted	攤薄		25.27 cents 仙	13.41 cents

簡明財務報表

董事會欣然宣佈截至二零零三年二月二十八日止六個月期間本公司及其附屬公司(「本集團」)之未經審核簡明綜合財務報表如下：

簡明綜合收益賬

截至二零零三年二月二十八日六個月止

Condensed Consolidated Balance Sheet

At 28th February, 2003

簡明綜合資產負債表

於二零零三年二月二十八日

			28th February, 2003 二零零三年 二月二十八日 (unaudited) (未經審核)	31st August, 2002 二零零二年 八月三十一日 (audited) (已經審核)
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
Non-current assets	非流動資產			
Investment properties	投資物業		149,392	150,602
Property, plant and equipment	物業、機器及設備	9	1,869,250	1,749,729
Goodwill	商譽		3,910	1,173
Interests in jointly controlled entities	應佔共同控制機構權益		13,427	13,657
			2,035,979	1,915,161
Current assets	流動資產			
Inventories	存貨	10	1,318,997	1,007,584
Trade and other receivables	營業及其他應收款項	11	1,258,207	1,190,956
Taxation recoverable	可收回稅項		4,221	543
Short-term bank deposits	短期銀行存款		134,504	198,068
Bank balances and cash	銀行結存及現金		210,701	208,527
			2,926,630	2,605,678
Current liabilities	流動負債			
Trade and other payables	營業及其他應付款項	12	446,144	413,734
Bills payable	應付票據		301,966	278,059
Taxation payable	應付稅項		65,702	71,019
Bank borrowings - due within one year	銀行借貸—一年內到期		459,807	313,794
Obligations under finance leases - due within one year	財務租賃應付賬款 —一年內到期		28,434	30,272
			1,302,053	1,106,878
Net current assets	流動資產淨值		1,624,577	1,498,800
Total assets less current liabilities	資產總值減流動負債		3,660,556	3,413,961

Condensed Consolidated Balance Sheet

(Continued)

At 28th February, 2003

簡明綜合資產負債表(續)

於二零零三年二月二十八日

		28th February,	31st August,
		2003	2002
		二零零三年	二零零二年
		二月二十八日	八月三十一日
		(unaudited)	(audited)
		(未經審核)	(已經審核)
Note		HK\$'000	HK\$'000
附註		千港元	千港元
Non-current liabilities	非流動負債		
Bank borrowings - due after one year	銀行借貸—一年後到期	844,004	716,489
Obligations under finance leases	財務租賃應付賬款		
- due after one year	—一年後到期	64,356	70,880
Deferred taxation	遞延稅項	15,119	14,055
		923,479	801,424
Minority interests	少數股東權益	178,190	172,786
Net assets	資產淨值	2,558,887	2,439,751
Capital and reserves	資本及儲備		
Share capital	股本	13 157,052	155,353
Reserves	儲備	2,401,835	2,284,398
Shareholders' funds	股東基金	2,558,887	2,439,751

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動報表

For the six months ended 28th February, 2003

截至二零零三年二月二十八日六個月止

		Share capital	Share premium	Capital reserve	Capital redemption reserve	Asset revaluation reserve	Translation reserve	Retained profits	Total
		股本	股份溢價	資本儲備	資本贖回儲備	資產重估儲備	匯兌儲備	滾存盈利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1st September, 2001	於二零零一年九月一日	155,423	160,913	68,484	108	362,993	(40,547)	1,642,752	2,350,126
Shares repurchased	購回股份	(102)	—	—	—	—	—	(324)	(426)
Exercise of share options	行使認股權	32	68	—	—	—	—	—	100
Transfer of reserve on shares repurchased and cancelled	購回及註銷股份之儲備調撥	—	—	—	102	—	—	(102)	—
Movement in the asset revaluation reserve	資產重估儲備變動	—	—	—	—	(87,628)	—	—	(87,628)
Exchange differences arising from translation of financial statements denominated in foreign currencies not recognised in the consolidated income statement	未在綜合收益賬內確認之外幣財務報表滙兌差額	—	—	—	—	—	(1,479)	—	(1,479)
Profit for the period	本期盈利	—	—	—	—	—	—	104,800	104,800
Dividend paid	已付股息	—	—	—	—	—	—	(42,722)	(42,722)
At 28th February, 2002	於二零零二年二月二十八日	155,353	160,981	68,484	210	275,365	(42,026)	1,704,404	2,322,771
Exchange differences arising from translation of financial statements denominated in foreign currencies not recognised in the consolidated income statement	未在綜合收益賬內確認之外幣財務報表滙兌差額	—	—	—	—	—	(2,979)	—	(2,979)
Profit for the period	本期盈利	—	—	—	—	—	—	166,566	166,566
Dividend paid	已付股息	—	—	—	—	—	—	(46,607)	(46,607)
At 1st September, 2002	於二零零二年九月一日	155,353	160,981	68,484	210	275,365	(45,005)	1,824,363	2,439,751
Exercise of share options	行使認股權	1,699	4,417	—	—	—	—	—	6,116
Exchange differences arising from translation of financial statements denominated in foreign currencies not recognised in the consolidated income statement	未在綜合收益賬內確認之外幣財務報表滙兌差額	—	—	—	—	—	799	—	799
Profit for the period	本期盈利	—	—	—	—	—	—	198,599	198,599
Dividend paid	已付股息	—	—	—	—	—	—	(86,378)	(86,378)
At 28th February, 2003	於二零零三年二月二十八日	157,052	165,398	68,484	210	275,365	(44,206)	1,936,584	2,558,887

Condensed Consolidated Cash Flow Statement

For the six months ended 28th February, 2003

簡明綜合現金流量報表

截至二零零三年二月二十八日六個月止

		Six months ended 28th February, 2003 截至 二零零三年 二月二十八日 六個月止 (unaudited) (未經審核) HK\$'000 千港元	Six months ended 28th February, 2002 截至 二零零二年 二月二十八日 六個月止 (unaudited) (未經審核) HK\$'000 千港元
Net cash (used in) from operating activities	營運項目(所用)所得之 現金淨值	(27,086)	205,667
Net cash used in investing activities	投資項目所用之現金淨值	(200,884)	(74,389)
Net cash from (used in) financing activities	融資項目所得(所用)之 現金淨值	165,518	(124,632)
Net (decrease) increase in cash and cash equivalents	現金及等同現金項目之 (減少)增加淨值	(62,452)	6,646
Cash and cash equivalents at beginning of the period	於本期間開始時之現金及 等同現金項目	404,374	282,319
Effect of foreign exchange rate changes	匯率變動之影響	1,455	(951)
Cash and cash equivalents at end of the period	於本期間終結時之現金及 等同現金項目	343,377	288,014
Cash and cash equivalents at end of the period	於本期間終結時之現金及 等同現金項目		
- as previously reported	一如前述		(79,867)
- effect of reclassification of short-term borrowings	—短期借貸被重新分類 之影響		367,881
- as restated	—已重列		288,014

Notes to the Condensed Financial Statements

For the six months ended 28th February, 2003

1. 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

2. Significant Accounting Policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st August, 2002, except as described below.

In the current period, the Group adopted, for the first time, a number of new and revised SSAPs issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following revised accounting policy. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the inclusion of a statement of changes in equity, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Cash Flow Statements

In the current period, the Group adopted SSAP 15 (Revised) "Cash flow statements". Under SSAP 15 (Revised), cash flows are classified under three headings - operating, investing and financing, rather than the previous five headings. Interest paid and received, which were previously presented under a separate heading, are classified as operating cash flows and investing activities, respectively. 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 short-term borrowings that are financing in nature. The re-definition of cash and cash equivalents has resulted in a restatement of the comparative amounts shown in the cash flow statement.

簡明財務報表附註

截至二零零三年二月二十八日六個月止

1. 編製基準

本簡明財務報表乃根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄16之適用披露規定及按照香港會計師公會頒佈之會計實務準則(「會計實務準則」)第25條「中期財務報告」而編製。

2. 主要會計政策

本簡明財務報表(除部份物業以重估價值列出外)乃按歷史成本編製。

除下文所述外，所採納之會計政策與本集團編製截至二零零二年八月三十一日止年度之年度財務報表一致。

本期間本集團由於首次採納由香港會計師公會頒佈之若干新訂立或經修訂之會計實務準則，故此需要採納下列經修訂之會計政策。採納此等新訂立或經修訂之會計實務準則引致現金流量報表的呈報方式有所改變及需加入權益變動報表，但對本期間或過往期間的業績並無重大影響。據此，無須作出過往期間之調整。

現金流量報表

本期間本集團採納會計實務準則第15條(經修訂)「現金流量報表」。根據會計實務準則第15條(經修訂)，現金流量被區分為三個標題—營運、投資及融資，而非以往的五個標題。以往在一獨立標題內分別呈列之已付利息及已收利息，現已分別被區分至營運現金流量及投資項目內。由收益而產生的稅項現金流量如未能分別被確認為投資或融資項目，則會被區分至營運項目內。再者，現金及等同現金項目之金額已作修改，將不再包含融資性質的短期借貸。重新定義現金及等同現金項目引致現金流量報表之比較數字需要重列。

3. Segmental Information

An analysis of the Group's turnover and contribution to operating results by geographical markets is as follows:

3. 分類分析

本集團之營業額及營運業績貢獻按地域市場分析如下：

		The People's Republic of China		Taiwan	Rest of Asia	America	Europe	Elimination	Consolidated
		Hong Kong	of China		of Asia				
		香港	中華人民共和國	台灣	其他	美國	歐洲	對銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Six months ended 28th February, 2003		截至二零零三年二月二十八日六個月止							
TURNOVER		營業額							
External sales	對外銷售	1,270,022	30,464	228,487	575,651	397,271	47,537	—	2,549,432
Inter-segment sales	分類間銷售	2,302,078	1,756,030	—	101,775	35,411	—	(4,195,294)	—
Total turnover	營業總額	<u>3,572,100</u>	<u>1,786,494</u>	<u>228,487</u>	<u>677,426</u>	<u>432,682</u>	<u>47,537</u>	<u>(4,195,294)</u>	<u>2,549,432</u>
RESULT		業績							
Segment result	分類業績	<u>151,549</u>	<u>643</u>	<u>26,300</u>	<u>56,110</u>	<u>26,986</u>	<u>5,907</u>		<u>267,495</u>
Interest income	利息收入								1,463
Unallocated corporate income	不可分拆之企業收入								<u>6,181</u>
Profit from operations	營運盈利								<u>275,139</u>
Six months ended 28th February, 2002		截至二零零二年二月二十八日六個月止							
TURNOVER		營業額							
External sales	對外銷售	1,203,928	25,463	212,931	417,086	183,452	84,646	—	2,127,506
Inter-segment sales	分類間銷售	1,919,645	1,389,567	—	113,747	25,735	—	(3,448,694)	—
Total turnover	營業總額	<u>3,123,573</u>	<u>1,415,030</u>	<u>212,931</u>	<u>530,833</u>	<u>209,187</u>	<u>84,646</u>	<u>(3,448,694)</u>	<u>2,127,506</u>
RESULT		業績							
Segment result	分類業績	<u>159,088</u>	<u>361</u>	<u>14,149</u>	<u>10,594</u>	<u>2,326</u>	<u>8,301</u>		<u>194,819</u>
Interest income	利息收入								1,670
Unallocated corporate income	不可分拆之企業收入								<u>2,922</u>
Profit from operations	營運盈利								<u>199,411</u>

4. Profit from Operations

Depreciation and amortisation
of property, plant and equipment
Amortisation of goodwill (included
in administrative expenses)
Loss on disposal of investment
properties

物業、機器及設備之
折舊及攤銷
商譽攤銷(包括在行政
費用內)
出售投資物業虧損

4. 營運盈利	Six months ended 28th February, 2003 截至 二零零三年 二月二十八日 六個月止 HK\$'000 千港元	Six months ended 28th February, 2002 截至 二零零二年 二月二十八日 六個月止 HK\$'000 千港元
	83,310	79,713
	225	—
	187	—

5. Finance Costs

Interest on:
Bank borrowings wholly repayable
within five years
Finance leases wholly repayable
within five years

利息：
於五年內付款之
銀行借貸
於五年內付款之
財務租賃

Bank facilities arrangement fees

銀行貸款安排費用

5. 借貸成本	Six months ended 28th February, 2003 截至 二零零三年 二月二十八日 六個月止 HK\$'000 千港元	Six months ended 28th February, 2002 截至 二零零二年 二月二十八日 六個月止 HK\$'000 千港元
	17,280	23,605
	1,843	2,279
	19,123	25,884
	911	793
	20,034	26,677

6. Taxation

The charge comprises:

Hong Kong Profits Tax

Overseas taxation

Deferred taxation

 Share of taxation attributable to
jointly controlled entities

Hong Kong Profits Tax is calculated at 17.5% (1.9.2001-28.2.2002: 16%) of the estimated assessable profit for the period.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

6. 稅項

Six months ended 28th February, 2003 截至 二零零三年 二月二十八日 六個月止 HK\$'000 千港元	Six months ended 28th February, 2002 截至 二零零二年 二月二十八日 六個月止 HK\$'000 千港元
35,315	18,890
3,236	3,776
1,061	—
39,612	22,666
—	30
39,612	22,696

稅項包括：

香港盈利稅

海外稅項

遞延稅項

 應佔共同控制機構
稅項

香港盈利稅是以本期間預算應評估盈利之百分之十七點五(二零零一年九月一日至二零零二年二月二十八日：百分之十六)計算。

海外盈利稅是以有關個別司法地區現行之稅率計算。

7. Dividend Paid

7. 已付股息

	Six months ended 28th February, 2003 截至 二零零三年 二月二十八日 六個月止 HK\$'000 千港元	Six months ended 28th February, 2002 截至 二零零二年 二月二十八日 六個月止 HK\$'000 千港元
Final, paid: HK11.0 cents for the year ended 31st August, 2002 (year ended 31.8.2001: HK5.5 cents) per share	已付末期： 截至二零零二年 八月三十一日止年度 每股11.0港仙 (截至二零零一年 八月三十一日止年度： 5.5港仙)	86,378
	<u>86,378</u>	<u>42,722</u>

The directors have determined that an interim dividend of HK12.0 cents (2002: HK6.0 cents) per share be payable to the shareholders of the Company whose names appear in the register of members on 13th June, 2003.

董事會決定派發中期股息每股12.0港仙(二零零二年度：6.0港仙)予二零零三年六月十三日名列股東名冊內之股東。

8. Earnings per Share

The calculation of the basic and diluted earnings per share for the period is based on the following data:

Profit for the period

Earnings for the purposes of basic and diluted earnings per share

Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share

Effect of dilutive potential ordinary shares in respect of share options

Weighted average number of ordinary shares for the purpose of diluted earnings per share

8. 每股盈利

本期間每股基本及攤薄盈利乃根據下列數據計算：

Six months ended	Six months ended
28th February, 2003	28th February, 2002
截至	截至
二零零三年	二零零二年
二月二十八日	二月二十八日
六個月止	六個月止
HK\$'000	HK\$'000
千港元	千港元

本期盈利

用以計算每股基本及攤薄盈利之盈利

198,599	104,800
Six months ended	Six months ended
28th February, 2003	28th February, 2002
截至	截至
二零零三年	二零零二年
二月二十八日	二月二十八日
六個月止	六個月止

股份數目

用以計算每股基本盈利之加權平均普通股份數目

認股權對普通股份攤薄之影響

用以計算每股攤薄盈利之加權平均普通股份數目

784,197,778	776,860,209
1,754,879	4,360,265
785,952,657	781,220,474

9. Movements in Property, Plant and Equipment

During the period, the Group incurred expenditure of approximately HK\$196,066,000 (year ended 31.8.2002: HK\$269,968,000) on additions to property, plant and equipment to expand and upgrade the Group's manufacturing facilities.

10. Inventories

Raw materials	原料
Work in progress	半製品
Finished goods	製成品

11. Trade and Other Receivables

The Group allows an average credit period of 75 days to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet date:

Not yet due	未到期
Overdue 1 - 30 days	過期1-30天
Overdue 31 - 60 days	過期31-60天
Overdue > 60 days	過期超過60天

9. 物業、機器及設備之變動

本期間本集團為擴大及增強本集團生產設備而用於增加物業、機器及設備的支出約為196,066,000港元（截至二零零二年八月三十一日止年度：269,968,000港元）。

10. 存貨

28th February,	31st August,
2003	2002
二零零三年	二零零二年
二月二十八日	八月三十一日
HK\$'000	HK\$'000
千港元	千港元
809,967	578,317
297,680	238,247
211,350	191,020
1,318,997	1,007,584

11. 營業及其他應收款項

本集團提供平均75天數期予營業客戶。

於結算日，營業應收款項之賬齡分析如下：

28th February,	31st August,
2003	2002
二零零三年	二零零二年
二月二十八日	八月三十一日
HK\$'000	HK\$'000
千港元	千港元
412,820	510,016
207,336	158,909
60,346	108,133
61,861	80,928
742,363	857,986

12. Trade and Other Payables

The following is an aged analysis of trade payables at the balance sheet date:

Not yet due	未到期
Overdue 1 - 30 days	過期1-30天
Overdue 31 - 60 days	過期31-60天
Overdue > 60 days	過期超過60天

12. 營業及其他應付款項

於結算日，營業應付款項之賬齡分析如下：

28th February, 2003 二零零三年 二月二十八日	31st August, 2002 二零零二年 八月三十一日	28th February, 2003 二零零三年 二月二十八日	31st August, 2002 二零零二年 八月三十一日
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
253,800	213,801	253,800	213,801
24,467	17,833	24,467	17,833
6,506	4,746	6,506	4,746
11,531	5,538	11,531	5,538
296,304	241,918	296,304	241,918

13. Share Capital
13. 股本

		Number of ordinary shares of HK\$0.20 each 每股面值0.20港元 之普通股份數目		Amount 金額	
		28th February, 2003 二零零三年 二月二十八日	31st August, 2002 二零零二年 八月三十一日	28th February, 2003 二零零三年 二月二十八日	31st August, 2002 二零零二年 八月三十一日
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Authorised:	法定：				
At beginning and end of the period	於本期間開始 及終結時	1,400,000,000	1,400,000,000	280,000	280,000
Issued and fully paid:	已發行及已全付：				
At beginning of the period	於本期間開始時	776,764,960	777,116,960	155,353	155,423
Exercise of share options (Note)	行使認股權 (附註)	8,494,000	160,000	1,699	32
Shares repurchased	購回股份	—	(512,000)	—	(102)
At end of the period	於本期間終結時	785,258,960	776,764,960	157,052	155,353

Note:

During the period, 8,494,000 shares in the Company of HK\$0.20 each were issued upon the exercise of 8,494,000 share options at a subscription price of HK\$0.72 per share. These shares rank pari passu with existing shares in all aspects.

附註：

本期間因8,494,000認股權被行使而發行了8,494,000股每股面值0.2港元之本公司股份。有關之認購價為每股0.72港元。該等股份與現有股份在各方面均享同等權益。

14. Capital Commitments

Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements

Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for

就有關購買物業、機器及設備之已簽約但在財務報表未有載列之資本開支

就有關購買物業、機器及設備之已批准但未簽約之資本開支

28th February, 2003 二零零三年 二月二十八日 HK\$'000 千港元	31st August, 2002 二零零二年 八月三十一日 HK\$'000 千港元
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166,066 136,770

3,839 3,587

15. Contingent Liabilities

Discounted bills with recourse
Invoices factored with recourse

附追索權之貼現票據
附追索權之發票讓售

15. 或然負債

28th February, 2003 二零零三年 二月二十八日 HK\$'000 千港元	31st August, 2002 二零零二年 八月三十一日 HK\$'000 千港元
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30,765 41,725

29,791 37,414

60,556 79,139

16. Related Party Disclosures

During the period, the Group paid rental expenses amounting to approximately HK\$444,000 (1.9.2001 to 28.2.2002: HK\$453,000) to a company controlled by Centre Trustee (C.I.) Limited. Centre Trustee (C.I.) Limited is the trustee of the Ha Trust, a trust established by Mr. Ha Chung Fong for the benefit of his family. Mr. Ha Chung Fong is the Chairman and Managing Director of the Company. The rentals were charged in accordance with the terms of the tenancy agreements entered into between the Group and that company.

16. 有關連人士披露

本期間本集團支付租金約444,000港元(二零零一年九月一日至二零零二年二月二十八日: 453,000港元)予一間由Centre Trustee (C.I.) Limited所控制之公司。Centre Trustee (C.I.) Limited為the Ha Trust之受託人，而the Ha Trust為一項由夏松芳先生為其家族利益而成立之信託。夏松芳先生乃本公司主席兼董事總經理。租金乃依據本集團與該公司訂立之租約而支付。

16. Related Party Disclosures (Continued)

On 20th December, 2002, Ambler House Development Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement (the "Agreement") with Harmony Corp. (the "Seller"). Pursuant to the Agreement, the Purchaser agreed to acquire from the Seller the entire issued and paid up share capital of Higon Enterprises Limited, Richlink (HK) Limited and Karlson Industrial Limited (collectively the "Higon Group"), for a cash consideration of HK\$12,000,000. Harmony Corp., is beneficially owned by Mr. Ha Kam On, Victor, who is the son of Mr. Ha Chung Fong, the Chairman and Managing Director of the Company and a director of the Purchaser.

The consideration has been arrived at after arm's length negotiation between the Purchaser and the Seller on normal commercial terms with reference to a combination of factors, namely, the net asset value and goodwill of the Higon Group.

17. Acquisition of Subsidiaries

On 20th December, 2002, the Group acquired the entire issued and paid up share capital of the Higon Group for a cash consideration of HK\$12,000,000 as described in note 16. This transaction has been accounted for using the purchase method of accounting.

The effect of the acquisition is summarised as follows:

Net assets acquired	購入之資產淨值	9,038
Goodwill arising on acquisition	購買時所產生之商譽	2,962
		12,000
Cash consideration	現金代價	12,000
		12,000
Net cash outflow arising on acquisition	購買時所產生之現金流出淨值	
Cash consideration	現金代價	12,000
Bank balances and cash acquired	購入之銀行結存及現金	(2,468)
Bank borrowings and overdraft acquired	購入之銀行借貸及透支	6,348
		15,880
		15,880

The Higon Group did not make any significant contribution to the results of the Group for the period.

16. 有關連人士披露 – 續

於二零零二年十二月二十日，本公司之全資附屬公司Ambler House Development Limited(「買家」)與Harmony Corp.(「賣家」)簽訂一份買賣合約(「合約」)。根據合約，買家同意以12,000,000港元之現金代價向賣家購入海高有限公司、富僑(香港)有限公司及加信有限公司(合稱「海高集團」)之所有已發行及已支付股本。Harmony Corp.為夏錦安先生實益擁有，而夏錦安先生為本公司主席兼董事總經理及買家董事夏松芳先生的兒子。

代價是由買家及賣家按一般商業條款及考慮各方面因素，當中包括海高集團之資產淨值及商譽，在公平磋商下而釐定的。

17. 購買附屬公司

於二零零二年十二月二十日，本集團如附註16所述以12,000,000港元之現金代價購入海高集團之所有已發行及已支付股本。此項交易以購入法入賬。

購買之影響撮要如下：

	HK\$'000
	千港元
Net assets acquired	9,038
Goodwill arising on acquisition	2,962
	12,000
Cash consideration	12,000
	12,000
Net cash outflow arising on acquisition	
Cash consideration	12,000
Bank balances and cash acquired	(2,468)
Bank borrowings and overdraft acquired	6,348
	15,880
	15,880

海高集團對本集團的本期業績並無重大貢獻。

INTERIM RESULTS

For the six months ended 28th February, 2003, the Group's unaudited profit amounted to approximately HK\$198,599,000, an increase of 89.50% over the same period last year. Turnover reached approximately HK\$2,549,432,000, an increase of 19.83% over the same period last year. The Board resolved the payment of an interim dividend of HK12.0 cents, an increase of 100% when compared with HK6.0 cents per share of the same period last year.

Despite the adverse factors such as the economic slowdown in the United States faced by the Group, the contributions from the management and the employees have been attributable to the achievement of such outstanding results. In respect of marketing, the sales department proactively pursued for opportunities, and participated in a number of exhibitions that had obtained satisfactory results. In respect of production, the Group actively developed new products, improved productivity and energy utilisation. The appropriate control of costs and maintaining bank interest expenses at a low level had helped to enhance the profit of the Group.

BUSINESS REVIEW

Production and Sales of Dyed Fabrics, Sewing Threads and Yarns

Production and sales of dyed fabrics, sewing threads and yarns remained as the principal operation of the Group, and accounted for 91.45% of the Group's total turnover. Turnover reached approximately HK\$2,331,534,000, an increase of 14.83% over the same period last year. During the period under review, the global economy remained sluggish, and product prices continued to fall. Nevertheless, with the acquisition and replacement of advance production equipment during previous years, considerable growth was achieved by this segment under the premise of increase in productivity.

The Group adopted a number of active and aggressive measures during the last financial year, which laid down a foundation for improving the profit margins of this segment. Thus, production costs during the period under review fell continuously. The operation of two steam and electricity co-generation facilities reduced the impact from the soaring fuel prices triggered by the US-Iraq war. The acquisition of advanced production equipment increased the productivity so as to achieve economies of scale. Therefore, contribution to operating results from this segment during the period under review increased from 9.82% in the same period last year to 11.23%.

中期業績

截至二零零三年二月二十八日止六個月內，本集團未經審核之盈利約為198,599,000港元，與去年同期比較上升89.50%。而營業額約為2,549,432,000港元，與去年同期比較上升19.83%。董事會議決通過派發中期股息每股12.0港仙，與去年同期每股股息6.0港仙比較，上升100%。

儘管面對美國經濟放緩等不利因素，集團仍取得此卓越成績，實有賴管理層及僱員的努力貢獻。在市場推廣方面，營業部積極進取，參與多個展銷會，並獲得理想成績。在生產方面，則積極開發新產品、改善生產力及能源運用。而集團之成本控制得宜及銀行利息支出保持在低水平，皆有助提升集團盈利。

業務回顧

製造及銷售色布、縫紉線及紗

製造及銷售色布、縫紉線及紗仍為集團之主要業務，佔集團營業總額的91.45%。營業額約為2,331,534,000港元，比去年同期上升14.83%。在回顧期內，全球整體經濟仍然放緩，產品價格繼續下跌。不過，由於過往年度添置及更換了先進的生產設備，令此項業務在生產力提升下得到較大的增長。

本集團在上一個財政年度已採取多項積極進取措施，此等措施為此項業務奠下改善邊際利潤之基礎，令回顧期的生產成本得以繼續下降。其中兩項「熱電聯產」設施的使用減低了集團因美伊戰爭而導致燃油價格上升之衝擊；而購買先進生產設備，則增加了生產力，並達致規模效益。故此，此項業務在回顧期內的營運業績貢獻由去年同期的9.82%改善至11.23%。

BUSINESS REVIEW (Continued)

Production and Sales of Garments

Turnover from the production and sales of garments was approximately HK\$217,898,000, an increase of 124.28% over the same period last year, representing 8.55% of the Group's total turnover. Contribution to operating results had a turnaround, with a profit of approximately HK\$5,573,000. Following the organisation and management restructuring in the past year, the Group reiterated its emphasis in the development of infant wear market for its garment business, in order to fully capitalise on the Group's leading position in the production of printed fabrics and the business opportunities arising from the elimination of export quota on infant wear. Furthermore, the Group actively improved the operational flow in production, thus drastically enhanced production volume and efficiency, and achieved greater economies of scale. Communications with the existing customers were strengthened, and new customers were actively developing. These in turn contributed to a more significant growth in orders.

In addition, to further expand the scale of its garment business and to strengthen the production and management team for this segment, the Group acquired from Mr. Ha Kam On, Victor, the son of Mr. Ha Chung Fong, the Chairman of the Group, his companies and plants engaged in garment manufacturing business at HK\$12,000,000 in cash in December 2002. This investment enlarged the production capacity of the Group's garment business in the PRC, and further enhanced its competitiveness in the infant wear market.

OUTLOOK

Lack of direction in the global economy and the US-Iraq war that lead to fluctuations in oil prices is creating more uncertainties for the industrial sector. The outbreak of Severe Acute Respiratory Syndrome ("SARS") also brought about temporary concerns in the business environment. It is fortunate for the Group to have been able to maintain close communication with customers through its overseas subsidiaries and representative offices. It is anticipated that with the lessening of adverse effects such as the US-Iraq war and the SARS issue, the number of rushed orders will increase. Entities with strong production capacity will therefore be better positioned to capture market share. The Group will closely monitor development in the market and prepared for challenges ahead.

業務回顧 — 續

製造及銷售成衣

製造及銷售成衣的營業額約為217,898,000港元，比去年同期上升124.28%，佔集團營業總額8.55%。營運業績貢獻已由虧轉盈，約為5,573,000港元。經過去年重整組織架構及管理後，集團重新確立了在成衣業務中對嬰兒服裝市場的專注發展，務求可盡量發揮集團在生產印花布的領導地位以及嬰兒服裝配額取消所帶來的商機。集團更積極改善生產運作流程，令生產量及效率均得到大幅度的提升，從而得到更佳規模效益。而加強與現有客戶之溝通及積極開發新客戶亦令訂單有較大之增長。

再者，集團為了進一步擴充成衣業務的規模及強化此業務的生產及管理團隊，在二零零二年十二月以現金12,000,000港元向集團主席夏松芳先生之兒子夏錦安先生全面購入其從事製衣業務的公司及廠房。此項投資除加強了集團在國內的成衣生產力，還進一步提高集團在嬰兒服裝市場的競爭力。

展望

由於全球經濟前景並不明朗，加上受到美伊戰爭的影響，油價反覆上落，為工業前景帶來不穩定因素。而非典型肺炎之擴散對營商環境亦帶來短暫的隱憂。幸而集團在海外的子公司及代表處均能發揮作用，與客戶保持緊密聯絡。估計隨著美伊戰爭及非典型肺炎等不利因素逐漸減低，急單數目將會增加，將有利擁有強大生產力的機構爭取市場佔有率。集團將會密切留意市場之發展，準備迎接未來的挑戰。

OUTLOOK (Continued)

Apart from acquisition and replacement of advanced production equipment, the Group will also reengineer internal planning and operations simultaneously to enhance productivity of each department. Phase I of the Group's production facilities in Jiangyin city, Jiangsu province is anticipated to commence production during the third quarter this year. This will further expand the Group's productivity and flexibility in dyed fabrics, and will contribute to the Group's future development.

The Group remains prudently optimistic towards the prospects of business development and its long-term goal is to enhance profits as well as to explore new markets and customers.

FINANCIAL REVIEW

Liquidity and Financial Information

At 28th February, 2003, the total amount of short-term bank deposits, bank balances and cash of the Group was approximately HK\$345,205,000.

With an adequate amount of cash in hand and the prevailing low interest rate, the Group increased the stock level of raw materials, in anticipation of a hike in raw material pricing when evidences of such trend emerged. At 28th February, 2003, inventory of raw materials increased by approximately HK\$231,650,000 over 31st August last year.

Apart from concluding suitable arrangements to borrow long-term loans at lower interest rates, the Group regularly reviews its liquidity and liabilities, so as to maintain the borrowing ratio at a healthy level. At 28th February, 2003, the financial ratios (after inclusion of proposed interim dividend) of the Group were as follows:

Gearing ratio	資本負債比率	1.04	0.95
Bank borrowings ratio	銀行借貸比率	0.57	0.48
Net bank borrowings ratio	銀行借貸淨值比率	0.43	0.31

展望一續

集團除繼續購置及更換先進生產設備外，亦同時重整內部規劃及流程，以提高各部門生產力。而集團在江蘇省江陰市發展的第一期生產設施預計可在本年第三季內開始投入生產。此將進一步加大集團之色布生產力及靈活性，更有利集團未來之發展。

本集團對業務發展前景保持審慎樂觀，並以提升盈利、開拓新市場及新客戶為長期發展目標。

財務回顧

流動資金及財務資料

於二零零三年二月二十八日，集團之短期銀行存款、銀行結存及現金總額約為345,205,000港元。

由於持有充裕之現金及現時利率偏低，在預期原料價格開始有上升趨勢之同時，集團增加了原料之存貨數量。在二零零三年二月二十八日，原料存貨比去年八月三十一日上升約231,650,000港元。

本集團對流動資金及負債情況定期作出檢討，除作出適當安排以較低利率借貸長期借款外，更致力維持借貸比率於一個健康的水平。於二零零三年二月二十八日，集團之財務比率（已包括擬付之中期股息在內）如下：

28th February,	31st August,
2003	2002
二零零三年	二零零二年
二月二十八日	八月三十一日

Gearing ratio	資本負債比率	1.04	0.95
Bank borrowings ratio	銀行借貸比率	0.57	0.48
Net bank borrowings ratio	銀行借貸淨值比率	0.43	0.31

FINANCIAL REVIEW (Continued)

Liquidity and Financial Information (Continued)

The sales of the Group are mainly denominated in Hong Kong dollars and US dollars and the purchase of raw materials is mainly made in Hong Kong dollars, US dollars and Renminbi. Bank borrowings are also denominated in Hong Kong dollars and US dollars and interest are charged on a floating rate basis. Hence, the Group's exposure to foreign exchange risk is minimal.

Capital Expenditure

During the period under review, the Group invested approximately HK\$196,066,000 in the addition of property, plant and equipment.

As mentioned in the annual report of last year, the Group anticipated its capital expenditure for the financial year at approximately HK\$500 million. Of which, approximately HK\$300 million will be applied as the capital expenditure for Phase I of the production facilities in Jiangyin city, Jiangsu province and approximately HK\$200 million will be applied as the capital expenditure for the maintenance and replacement of machinery in existing plant factories and the additions of advanced production equipment.

Pledge of Assets

At 31st August, 2002, properties and plant and machinery with an aggregate carrying value of approximately HK\$490,967,000 were pledged to various banks for loan facilities granted to the Group. During the period, such pledge of assets have been released by those banks.

Contingent Liabilities

At 28th February, 2003, the Group had contingent liabilities amounting to approximately HK\$60,556,000 (31.8.2002: HK\$79,139,000) in respect of discounted bills with recourse and invoices factored with recourse.

財務回顧－續

流動資金及財務資料－續

本集團之銷售以港元及美元為主。原料選購則以港元、美元及人民幣為主。銀行借貸亦以港元及美元為單位，利息主要以浮動利率計算，故集團所承受之外匯風險非常輕微。

資本開支

於回顧期內，本集團已投資約196,066,000港元以增添物業、機器及設備。

如去年年報所提及，集團估計本財政年度的資本開支將約為五億港元。當中用於江蘇省江陰市第一期生產設施的資本開支約為三億港元；而用於現有廠房之機器維修和更換及增添先進生產設備的資本開支則約為二億港元。

資產抵押

於二零零二年八月三十一日本集團已抵押予多間銀行作為該等銀行給予本集團借款之物業和廠房機器賬面總值約為490,967,000港元。該等銀行已於本期間內解除了此等抵押。

或然負債

於二零零三年二月二十八日本集團有關附追索權之貼現票據及附追索權之發票讓售之或然負債約為60,556,000港元(二零零二年八月三十一日：79,139,000港元)。

EMPLOYEES AND EMOLUMENT POLICIES

At 28th February, 2003, the Group had approximately 17,700 full time employees. There is no significant change in the Group's emolument policies.

In respect of the SARS issue, the Group has taken immediate preventions and measures such as setting guidelines, granting paid leave to pregnant employees, providing and requiring all employees and visitors to wear face masks and check the body temperature within the Group's premises, postponing any non-critical gathering, meeting and business travel, etc.

DIVIDEND

The Board of Directors has resolved to pay an interim dividend of HK12.0 cents per share in respect of the year ending 31st August, 2003 (2002: HK6.0 cents) to shareholders whose names appear on the register of members on Friday, 13th June, 2003. Dividend warrants will be sent to shareholders on or about Thursday, 26th June, 2003.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from Monday, 9th June, 2003 to Friday, 13th June, 2003, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Secretaries Limited, G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 6th June, 2003.

僱員及酬金政策

本集團於二零零三年二月二十八日之全職僱員人數約為17,700人，而集團之酬金政策並無重大轉變。

至於有關非典型肺炎事件，集團已即時作出預防及應變措施，如制定指引，給予懷孕僱員有薪假期，提供及要求所有僱員及訪客在本集團所屬範圍內配帶口罩及量度體溫，延遲一切非急切性的聚會、會議及公幹等。

股息

董事會議決通過派發截至二零零三年八月三十一日止年度中期股息每股12.0港仙（二零零二年度：6.0港仙）予二零零三年六月十三日（星期五）名列股東名冊內之股東。股息將約於二零零三年六月二十六日（星期四）派發予股東。

暫停辦理股份過戶登記手續

本公司將於二零零三年六月九日（星期一）至二零零三年六月十三日（星期五）止，首尾兩天包括在內，暫停辦理股份過戶登記手續。為確保收取中期股息之權利，過戶登記者須於二零零三年六月六日（星期五）下午四時前，將過戶文件及有關股票送交香港灣仔告士打道56號東亞銀行港灣中心地下秘書商業服務有限公司本公司股份登記處，辦理股份過戶登記手續。

DIRECTORS' INTERESTS IN SECURITIES

At 28th February, 2003, according to the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), the interests of the directors and their associates in the securities of the Company were as follows:

Directors	董事	Number of shares held as 股份數目		Number of share options held as personal interests 個人權益之 認股權數目 (Note 2) (附註2)
		Personal interests 個人權益	Other interests 其他權益	
Mr. Ha Chung Fong	夏松芳先生	—	311,816,044 (Note 1) (附註1)	—
Mr. Lau Hong Yon	柳康遠先生	560,000	—	280,000
Mr. Pow Man Kue	鮑文巨先生	560,000	—	280,000
Ms. Yeh Yi Hao, Yvette	葉儀皓女士	70,000	—	—

Notes:

- 308,276,044 shares were beneficially owned by Super Brilliance Company Limited, a company wholly-owned by Centre Trustee (C.I.) Limited ("Centre Trustee"). Centre Trustee is a trustee of the Ha Trust, a trust established by Mr. Ha Chung Fong for the benefit of his family. 3,540,000 shares were owned beneficially by Yee Chang Company Limited which is controlled by Centre Trustee.
- The share options were granted under the share option scheme of the Company adopted on 25th January, 2002 and entitle the holders thereof to subscribe for the Company's shares of HK\$0.20 each at a subscription price of HK\$3.825 per share at any time during a period from 25th October, 2003 to 24th April, 2004.

Save as disclosed above and other than certain nominee shares in certain subsidiaries held in trust for the Group by a director, at 28th February, 2003, none of the directors of the Company, nor their associates, had any interests in any securities of the Company or any of the Company's associated corporations as defined in the SDI Ordinance.

董事之證券權益

於二零零三年二月二十八日，根據證券(公開權益)條例第29條須予設置之名冊所記錄，董事及其聯繫人實益擁有本公司之證券權益如下：

附註：

- 308,276,044股股份由Super Brilliance Company Limited實益擁有，該公司為一間由Centre Trustee (C.I.) Limited (「Centre Trustee」)全資擁有之公司。Centre Trustee為the Ha Trust之受託人，而the Ha Trust為一項由夏松芳先生為其家族利益而成立之信託。3,540,000股股份由義翔有限公司實益擁有，該公司乃由Centre Trustee所控制。
- 認股權乃根據本公司於二零零二年一月二十五日所採納之認股權計劃而授出，持有者可於二零零三年十月二十五日至二零零四年四月二十四日止期間以每股3.825港元之認購價認購每股面值0.2港元之本公司股份。

除上述證券權益及一位董事以本集團代理人身份持有一些本集團附屬公司股份之外，本公司董事及其聯繫人於二零零三年二月二十八日並無擁有本公司或本公司任何聯營公司(定義見證券(公開權益)條例)之任何證券權益。

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of a director and his associates, the register required to be maintained under Section 16(1) of the SDI Ordinance shows that no other shareholders were interested in 10% or more of the issued share capital of the Company at 28th February, 2003.

SHARE OPTIONS

The following table discloses details of options outstanding under the Company's share option schemes and movements during the period:

	Option type 認股權類別	Outstanding at beginning of the period 於本期間開始時結餘	Granted during the period 本期間授出	Exercised during the period 本期間行使	Cancelled during the period 本期間註銷	Outstanding at end of the period 於本期間終結時結餘
Directors	董事					
Mr. Lau Hong Yon	柳康遠先生	2001 280,000	—	(280,000)	—	—
		2002 —	280,000	—	—	280,000
Mr. Pow Man Kue	鮑文巨先生	2001 280,000	—	(280,000)	—	—
		2002 —	280,000	—	—	280,000
Total Directors	董事總數	560,000	560,000	(560,000)	—	560,000
Employees	僱員					
		2001 7,934,000	—	(7,934,000)	—	—
		2002 —	8,392,000	—	(50,000)	8,342,000
Total Employees	僱員總數	7,934,000	8,392,000	(7,934,000)	(50,000)	8,342,000
Total	總數	8,494,000	8,952,000	(8,494,000)	(50,000)	8,902,000

Details of specific categories of options are as follows:

主要股東

於二零零三年二月二十八日，根據證券（公開權益）條例第16(1)條須予設置之名冊所記錄，除上述一位董事及其聯繫人之股份權益外，並無其他股東實益擁有百分之十或以上本公司已發行股本。

認股權

本公司認股權計劃的認股權結餘詳情及本期間的變動如下表所披露：

認股權之類別詳情如下：

Option type 認股權類別	Date of grant 授出日期	Hold-up period 持有期	Option period 認購期限	Exercise price 認購價 HK\$ 港元
2001	30.8.2001	30.8.2001-29.8.2002	30.8.2002-28.2.2003	0.72
2002	25.10.2002	25.10.2002-24.10.2003	25.10.2003-24.4.2004	3.825

SHARE OPTIONS (Continued)

The closing price of the Company's shares immediately before 25th October, 2002, the date of grant of the 2002 options, was HK\$3.725.

Options were exercised on various dates from 30th August, 2002 to 8th November, 2002. The weighted average closing prices of the Company's shares immediately before the dates on which the options were exercised during the period ranged from HK\$2.88 to HK\$3.695.

The share prices on the dates of issue of shares to directors and employees on 17th September, 2002, 30th September, 2002, 28th October, 2002 and 25th November 2002 were HK\$2.90, HK\$3.125, HK\$3.875 and HK\$3.675, respectively.

The fair value of the options granted in the current period measured at the date of grant on 25th October, 2002 was HK\$0.69 per option. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

Expected life of options	認股權預期年期	15 months月
Expected volatility based on historical volatility of share prices	按股份價格的歷史波幅而預期的波幅	44%
Hong Kong Exchange Fund Notes rate (per annum)	香港外匯基金票據息率(每年)	1.89%
Expected annual dividends	預期每年股息	3.3%

For the purposes of the calculation of fair value, no adjustment has been made in respect of options expected to be forfeited due to lack of historical data.

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

No charge is recognised in the income statement in respect of the value of options granted in the period.

認股權 — 續

於二零零二年十月二十五日(2002認股權授出日)之前一天的本公司股份收市價為3.725港元。

認股權在二零零二年八月三十日至二零零二年十一月八日期間內的多個日子被行使。認股權在本期間被行使時之前一天的本公司股份加權平均收市價為2.88港元至3.695港元。

於二零零二年九月十七日、二零零二年九月三十日、二零零二年十月二十八日及二零零二年十一月二十五日發行股份予董事及僱員的當天股份價格分別為2.90港元、3.125港元、3.875港元及3.675港元。

於本期間授出的認股權於二零零二年十月二十五日授出日的公平價值為每股認股權0.69港元。下列乃運用栢力克一舒爾斯期權定價模式計算公平價值時所採用的重大假設：

在計算公平價值時，由於並無過往數據可依，故並沒有就預期沒收的認股權作出調整。

栢力克一舒爾斯期權定價模式需要輸入高度主觀的假設，當中包括股份價格的波幅。由於主觀輸入假設的變動可重大影響公平價值的估計，故董事認為現有模式不一定能就認股權的公平價值提供一個可靠的單一計算方法。

於本期間授出的認股權的價值並沒有在收益賬內確認為支出。

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the period, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financials. In addition, the Group's external auditors have carried out a review of the unaudited interim financials in accordance with the Statement of Auditing Standards 700 issued by the Hong Kong Society of Accountants.

On behalf of the Board

Ha Chung Fong

Chairman

Hong Kong

15th May, 2003

購回、出售及贖回本公司之上市證券

本期間本公司及其任何附屬公司並無購回、出售或贖回本公司之上市證券。

最佳應用守則

並無董事知悉任何資料足以合理地指出本公司於本期間內任何時間未有遵守上市規則附錄14之最佳應用守則。

審核委員會

審核委員會已連同管理層審閱本集團所採納的會計政策及準則，並已討論審計、內部監控及財務報告事宜，當中包括審閱未經審核之中期業績。再者，本集團之核數師已依照香港會計師公會頒佈的核數基準第700條對未經審核之中期業績進行審閱。

代董事會

主席

夏松芳

香港

二零零三年五月十五日