

Directors' rights to acquire shares

The Company has a share option scheme under which the Directors may grant options to directors and employees of the Group to subscribe up to 10% of the share capital of the Company in issue from time to time, excluding any share issued pursuant to the exercise of options granted under the share option scheme.

On 24 January 1998, options to subscribe for 28,700,000 shares in the Company at exercise price of HK\$0.10 share were granted to the following directors of the Company:—

Name of Director	Number of shares granted under the scheme	Outstanding as at 30 September 2000	Expiry date
Kwok Hon Ching	8,900,000	8,900,000	23 Jan. 2001
Kwok Hon Lam	8,900,000	8,900,000	23 Jan. 2001
Kwok Hon Kau, Johnny	8,900,000	8,900,000	23 Jan. 2001
Lee Ho Man, Eric	2,000,000	2,000,000	23 Jan. 2001

There are no options granted to and accepted by the Directors of the Company during the period ended 30 September 2000.

In the absence of a readily available market value of the options granted on the shares of the Company, the Directors are unable to arrive at an accurate assessment as to the value of the options granted.

Except for the granting of share options by the Company to the Directors as noted above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company Directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Substantial shareholders

As at 30 September 2000, the following members whose interests of 10% or more of the share capital of the Company:

Name	Number of shares
Saramade Company Limited	55,000,000
Prominent Field Inc.	75,000,000
Armstrong Inc.	75,000,000

Except as referred to above, no other person or corporation recorded in the register kept pursuant to Section 16 of the SDI Ordinance has an interest in 10% or more of the issued share capital of the Company.

Purchase, redemption or sale of listed securities

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2000.

Code of best practice

Except that the Company's non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meeting in accordance with the provision of the Company's Bye-Laws, none of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2000 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements.

By Order of the Board
Kwok Hon Ching
Chief Executive Officer

Hong Kong, 21 December 2000