

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2000, the Group's net current assets were approximately HK\$462,138,000. The Group's current ratio, calculated on the basis of total current assets of approximately HK\$683,519,000 and total current liabilities of approximately HK\$221,381,000, was 3.09. The Group's total assets of approximately HK\$1,968,622,000 were financed by current liabilities of approximately HK\$221,381,000, non-current bank loans of approximately HK\$29,048,000, minority interest and loans from minority shareholders of approximately HK\$186,465,000, mandatory convertible notes of HK\$306,600,000 and share capital and reserves of approximately HK\$1,225,128,000 respectively.

HUMAN RESOURCES

Employee remunerations are in accordance with nature of their duties and remain competitive under current market trend. The Group's existing provident scheme was converted to Mandatory Provident Fund scheme in December 2000 on schedule.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2000, the interests of the directors, chief executives of the Company in the shares in the Company or any associated corporations as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:-

Name of director	Type of interest	Number of ordinary shares held	Number of units of warrants held
Mr. YUEN Wai	Corporate (<i>Note</i>))	512,663,500	52,532,700
Mr. Mongkon CHERLOEMCHOEDCHOO	Corporate (<i>Note</i>))		
Mrs. CHEN CHOU Mei Mei, Vivien	Personal)	8,635,000	1,727,000

Note:

The shares and warrants are held by Pan Pacific Traders Limited which is 70% and 30% owned by Magnificent Fortune Limited and Newfound Wealth Limited respectively, and which in turn are wholly-owned by Mr. YUEN Wai and Mr. Mongkon CHERLOEMCHOEDCHOO respectively.

2000
2001

DIRECTORS' RIGHT TO ACQUIRE SECURITIES

The following directors were granted options to subscribe for shares in the Company under the Company's share option scheme:-

Name of director	Number of shares which can be subscribed under the options granted
Mr. YUEN Wai	22,000,000
Mr. Mongkon CHERLOEMCHOEDCHOO	4,000,000
Mr. WANG Xiaodong	6,000,000
Mr. CHUNG Ho	6,000,000
Mrs. CHEN CHOU Mei Mei, Vivien	4,000,000

The options are exercisable from 16 January 2000 to 15 January 2002 at the subscription price of HK\$0.8432 per share. During the six months and up to the date of this report, no options had been exercised by the directors.

Save as disclosed herein, none of the Directors and chief executives of the Company (including their spouse and children under 18 years of age) had been granted, or exercised, any rights to subscribe for equity or debt securities of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

At 30 September 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the following shareholders had an interest of 10% or more in the issued share capital of the Company:-

Name of shareholder	Number of shares
Mr. YUEN Wai)
Magnificent Fortune Limited) 512,663,500 (Note)
Pan Pacific Traders Limited)

Note :

The 512,663,500 shares are held by Pan Pacific Traders Limited. According to the shareholding position as disclosed in the note to the paragraph headed "DIRECTORS' INTERESTS IN SECURITIES", Magnificent Fortune Limited and Mr. Yuen Wai are deemed to be interested in the 512,663,500 shares pursuant to the SDI Ordinance.

REVIEW OF INTERIM REPORT BY THE AUDIT COMMITTEE

The accounting information given in this interim report has not been audited. This interim report has been reviewed by the Audit Committee of the Company.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

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 accounting period covered by the interim report, 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 except that non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at Annual General Meetings in accordance with Article 105 of the Company's Articles of Association.

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

During the six months ended 30 September 2000, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

PRACTICE NOTE 19 DISCLOSURES

The proforma combined balance sheet of associated companies as at 30 September 2000 disclosed in accordance with 3.10 of the Practice Note 19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited is as follows:-

	<i>HK\$'000</i>
Long term investments	916,183
Fixed assets	44
Current assets	
Due from investee companies	100,043
Other current assets	102,627
	<u>202,670</u>
Current liabilities	(80,868)
	<u>121,802</u>
Net current assets	121,802
Non-current liabilities	
Shareholders' loans	(1,032,210)
	<u>5,819</u>
Net assets	<u>5,819</u>
Group's share of net assets	<u><u>4,353</u></u>

By order of the Board
YUEN Wai
Chairman