

SUBSTANTIAL SHAREHOLDERS

As at 31st December 2000, other than the interests disclosed above in respect of the Directors, no other person is recorded in the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance as having 10% or more of the issued share capital of the Company.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The terms of office for the Independent Non-executive Directors of the Company are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the Company's Bye-laws. This does not comply with Paragraph 7 of the Code of Best Practice as set out in Appendix 14 of the Listing Rules which suggests that Independent Non-executive Directors should be appointed for a specific term. Save as disclosed above, the directors are of the opinion that the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the six months ended 31st December 2000.

AUDIT COMMITTEE

The Audit Committee was constituted in January 1999 and its authority and duties are set out in written terms of reference which are consistent with those recommended by the Hong Kong Society of Accountants. The Audit Committee comprising the two Independent Non-Executive Directors meets regularly with, and reviews and receives reports in relation to, but not limited to, auditing procedures, internal controls and other financial matters from, the Company's external auditors and management and has met to review the Company's unaudited interim financial statements for the six months ended 31st December 2000.

On behalf of the Board
Hui Sai Chung
Chairman

Hong Kong,
21st March 2001