

The Directors of Top Form International Limited (the "Company") wish to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2000 as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2000

		<b>For the six months ended</b>	
		<b>31.12.2000</b>	<b>31.12.1999</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	426,244	341,630
Cost of sales		<u>(320,963)</u>	<u>(262,592)</u>
Gross profit		105,281	79,038
Other revenue		1,140	2,044
Selling and distribution expenses	4	(27,915)	(15,683)
General and administrative expenses		<u>(45,462)</u>	<u>(39,980)</u>
Profit from operations		33,044	25,419
Finance costs		<u>(12,487)</u>	<u>(14,032)</u>
Profit before taxation		20,557	11,387
Taxation	6	<u>(2,214)</u>	<u>(950)</u>
Profit before minority interests		18,343	10,437
Minority interests		<u>(1,643)</u>	<u>(605)</u>
Profit attributable to shareholders		<u>16,700</u>	<u>9,832</u>
Earnings per share	7		
Basic		<u>2.3 cents</u>	<u>1.3 cents</u>
Diluted		<u>1.8 cents</u>	<u>N/A</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2000

	<i>Notes</i>	<b>31.12.2000</b> <b>(Unaudited)</b> <i>HK\$'000</i>	<b>30.6.2000</b> <b>(Audited)</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	8	76,949	78,558
Interests in associates	9	–	–
Investment in securities		3,664	2,915
Loans receivable	10	–	–
		<u>80,613</u>	<u>81,473</u>
<b>Current assets</b>			
Inventories		183,248	167,676
Debtors, deposits and prepayments	11	53,225	59,503
Bills receivable		5,749	217
Bank balances and cash		41,414	38,017
		<u>283,636</u>	<u>265,413</u>
<b>Current liabilities</b>			
Creditors and accrued charges	12	115,956	102,399
Amount due to an associate		440	440
Taxation		6,256	5,537
Borrowings and other liabilities – due within one year	13	189,073	196,238
		<u>311,725</u>	<u>304,614</u>
<b>Net current liabilities</b>		<u>(28,089)</u>	<u>(39,201)</u>
<b>Total assets less current liabilities</b>		<u>52,524</u>	<u>42,272</u>
<b>Non-current liabilities</b>			
Borrowings and other liabilities – due after one year	13	903	1,231
Convertible loan notes		120,000	120,000
Deferred taxation		2,372	2,372
		<u>123,275</u>	<u>123,603</u>
<b>Minority interests</b>		<u>11,237</u>	<u>9,594</u>
		<u>(81,988)</u>	<u>(90,925)</u>
<b>Capital and reserves</b>			
Share capital	14	73,561	73,561
Deficit		(155,549)	(164,486)
		<u>(81,988)</u>	<u>(90,925)</u>

## CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE SIX MONTHS ENDED 31 DECEMBER 2000

	For the six months ended 31.12.2000 (Unaudited) <i>HK\$'000</i>
	<hr/>
Revaluation surplus on investment in securities	749
Exchange differences arising on translation of overseas operations	<hr/> (8,512)
Net losses not recognised in the consolidated income statement	(7,763)
Profit attributable to shareholders	<hr/> 16,700
Total recognised gains	<hr/> <u>8,937</u>



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2000

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

In preparing the financial statements, the Directors have given careful consideration to the future liquidity of the Group in the light of its net current liabilities of HK\$28,089,000 as at 31 December 2000 and after taking into account the Group's obligations to reduce the facilities extended to it by its bankers as explained in note 13. The Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

**2. ACCOUNTING POLICIES**

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of certain leasehold properties and investment in securities.

The interim financial report has been prepared in accordance with the Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("SSAP 25"), except that comparative figures are not presented either for the condensed consolidated statement of recognised gains and losses or for the condensed cash flow statement, being the first cash flow statement to be included in the interim financial report relating to accounting period ended on or after 1 July 2000. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2000.

### 3. SEGMENTAL INFORMATION

The Group is engaged in the design, manufacture, distribution, wholesale and retail of ladies' intimate apparel, principally brassieres.

The Group's turnover and profit (loss) from operations for the six months ended 31 December 2000, analysed by principal activity, are as follows:

	Turnover		Profit (loss) from operations	
	For the six months ended		For the six months ended	
	31.12.2000	31.12.1999	31.12.2000	31.12.1999
	(Unaudited)		(Unaudited)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Manufacture	410,840	316,038	33,630	27,331
Distribution, wholesale and retail	15,404	25,592	(586)	(1,912)
	<u>426,244</u>	<u>341,630</u>	<u>33,044</u>	<u>25,419</u>

The Group's turnover and profit (loss) from operations for the six months ended 31 December 2000, analysed by geographical market, are as follows:

	Turnover		Profit (loss) from operations	
	For the six months ended		For the six months ended	
	31.12.2000	31.12.1999	31.12.2000	31.12.1999
	(Unaudited)		(Unaudited)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
North America	302,607	207,702	24,771	17,962
Europe	56,666	43,419	4,638	3,179
Asia (excluding Mainland China and Hong Kong)	29,426	47,729	2,230	3,523
Australia and New Zealand	20,852	22,720	1,707	1,965
Mainland China and Hong Kong	16,693	20,060	(302)	(1,210)
	<u>426,244</u>	<u>341,630</u>	<u>33,044</u>	<u>25,419</u>

**4. SELLING AND DISTRIBUTION EXPENSES**

Included in selling and distribution expenses are quota costs of HK\$21,232,000 (1999: HK\$11,162,000).

**5. DEPRECIATION**

During the period, depreciation of HK\$8,994,000 (1999: HK\$7,834,000) was charged in respect of the Group's property, plant and equipment.

**6. TAXATION**

	<b>For the six months ended</b>	
	<b>31.12.2000</b>	<b>31.12.1999</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax calculated at 16% on the estimated assessable profit for the period	1,800	684
Taxation in other jurisdictions calculated at the rates prevailing in the respective jurisdictions	414	266
	<u>2,214</u>	<u>950</u>

**7. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$16,700,000 (1999: HK\$9,832,000) and on the 735,608,744 (1999: 734,608,744) shares in issue throughout the period.

The computation of diluted earnings per share for the six months ended 31 December 2000 is as follows:

	<i>HK\$'000</i>
Profit for the purpose of basic earnings per share	16,700
Interest on convertible loan notes	<u>3,680</u>
Profit for the purpose of diluted earnings per share	<u>20,380</u>

*Number of shares*

Number of shares for the purpose of basic earnings per share	735,608,744
Effect of dilutive potential shares on the convertible loan notes	<u>386,533,665</u>
Number of shares for the purpose of diluted earnings per share	<u><u>1,122,142,409</u></u>

The Company's share options were not taken into account in the computation of diluted earnings per share as the exercise price of options outstanding during the six months ended 31 December 2000 was higher than the average market price of the Company's shares.

Diluted earnings per share is not presented for the previous period because the exercise price of options outstanding during the period ended 31 December 1999 was higher than the average market price of the Company's shares and the effect of the exercise of convertible loan notes outstanding would be anti-dilutive.

#### 8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$9,022,000 (for the six months ended 31 December 1999: HK\$12,696,000) on acquisition of property, plant and equipment.

#### 9. INTERESTS IN ASSOCIATES

	<b>31.12.2000</b> <b>(Unaudited)</b> <i>HK\$'000</i>	<b>30.6.2000</b> <b>(Audited)</b> <i>HK\$'000</i>
Share of net assets	13,015	13,015
Interest capitalised	<u>2,407</u>	<u>2,407</u>
	15,422	15,422
Less: Provision for impairment in value	<u>(15,422)</u>	<u>(15,422)</u>
	<u><u>-</u></u>	<u><u>-</u></u>



## 10. LOANS RECEIVABLE

As at 31 December 2000, the balance of loans receivable from Almswood International Limited ("Almswood") amounted to HK\$53,141,000 (At 30 June 2000: HK\$53,141,000) which was fully provided for in previous years. These loans receivable arose as part of the Group's debt restructuring agreement entered into with its bankers in January 1998. Under the said agreement, the Company has an obligation to make further advances to Almswood from proceeds to be realised from the sale of the Group's property investments in Shanghai, Chengdu and Yingkou in the Mainland China.

The Loan bears interest at the highest of the interest rates charged by the banks on overdraft facilities to the Group or, if none, at the cost of funding the loans by the Group. Interest receivable on the loans to Almswood for the six months ended 31 December 2000 amounting to HK\$2,657,000 (for the six months ended 31 December 1999: HK\$2,657,000) has not been accrued, as the Directors question the ability of Almswood to repay the loans or the interest thereon. The repayment by Almswood of the principal and interest is subordinated to Mr. Lo Kit Lun, Frank's and Almswood and its subsidiaries' indebtedness to certain banks ("banks' indebtedness").

The loans extended by the Company to Almswood are to be repaid in 10 equal semi-annual instalments commencing from the sixth month after Almswood's indebtedness to the banks has been fully repaid or, at the discretion of the Board of the Company, commencing no later than the thirteenth month after Almswood's indebtedness to the banks has been fully repaid. Under the existing payment profile of the indebtedness, full repayment of the banks' indebtedness is scheduled in the fifth year from the date of drawdown on 23 January 1998.

Under an agreement with its bankers, Almswood was committed to commence repayment of its bank indebtedness by January 2000. The Directors understand that Almswood has yet to obtain additional external funding to enable it to meet its financial obligations, including those to its bankers and to the Group. In the opinion of the Directors, the recoverability of amounts loaned and to be loaned to Almswood is dependent upon Almswood obtaining sufficient additional external funding, which was a question, and accordingly, provisions were made for the loans receivable of HK\$53,141,000 and against the group's property and other investments with an aggregate carrying value of HK\$59,138,000 in previous years.

**11. DEBTORS, DEPOSITS AND PREPAYMENTS**

Included in the balance was trade debtors of HK\$38,432,000 (As at 30 June 2000: HK\$36,511,000). The Group allows an average credit period of 30 days to its trade customers.

The aging analysis of trade debtors was as follows:

	<b>31.12.2000</b>	<b>30.6.2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	31,855	33,812
Over 30 days and under 60 days	1,995	1,374
Over 60 days and under 90 days	1,950	498
Over 90 days	2,632	827
	<u>38,432</u>	<u>36,511</u>

**12. CREDITORS AND ACCRUED CHARGES**

Included in the balance was trade creditors of HK\$59,020,000 (As at 30 June 2000: HK\$53,169,000).

The aging analysis of trade creditors was as follows:

	<b>31.12.2000</b>	<b>30.6.2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	31,190	28,006
Over 30 days and under 60 days	18,354	17,698
Over 60 days and under 90 days	9,179	7,006
Over 90 days	297	459
	<u>59,020</u>	<u>53,169</u>

## 13. BORROWINGS AND OTHER LIABILITIES

	<b>31.12.2000</b> <b>(Unaudited)</b> <i>HK\$'000</i>	<b>30.6.2000</b> <b>(Audited)</b> <i>HK\$'000</i>
Bank borrowings	188,524	195,649
Other liability	653	701
Obligations under finance leases	<u>799</u>	<u>1,119</u>
	189,976	197,469
Less: Amount due within one year and shown as current liabilities	<u>(189,073)</u>	<u>(196,238)</u>
Amount due after one year	<u><u>903</u></u>	<u><u>1,231</u></u>

The Group has been granted total credit facilities of HK\$261 million by its bankers but has an obligation to reduce the facilities as follows:

- HK\$25,000,000 by 20 January 2000
- HK\$25,000,000 by 20 July 2000
- HK\$25,000,000 by 20 January 2001
- The balance by 23 January 2001

The obligations due on 20 January 2000 and 20 July 2000 were met by the Group.

On 18 January 2001, the Group has been granted an extension to the remaining bank commitments for a further two-year period, subject to continued reduction in bank commitments on a semi-annual interval at HK\$25 million each commencing from 20 January 2001 to 20 January 2003; whilst the balance of the facilities will either be fully repaid or refinanced by 20 January 2003. The obligation due on 20 January 2001 has been met by the Group.

**14. SHARE CAPITAL**

	<b>31.12.2000</b> <b>(Unaudited)</b>	<b>30.6.2000</b> <b>(Audited)</b>	<b>31.12.2000</b> <b>(Unaudited)</b>	<b>30.6.2000</b> <b>(Audited)</b>
	<i>Number of shares</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Shares of HK\$0.10 each				
Authorised:				
At beginning and end of period/year	<u>1,500,000,000</u>	<u>1,500,000,000</u>	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:				
At beginning of period/year	735,608,744	734,608,744	73,561	73,461
Exercise of share options (note)	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>100</u>
At end of period/year	<u>735,608,744</u>	<u>735,608,744</u>	<u>73,561</u>	<u>73,561</u>

*Note:* On 16 February 2000, 1,000,000 shares of HK\$0.10 each were issued at a price of HK\$0.23 per share as a result of the exercise of share options. The new shares issued rank pari passu in all respects with the then existing shares.

**15. CONTINGENT LIABILITIES**

	<b>31.12.2000</b> <b>(Unaudited)</b>	<b>30.6.2000</b> <b>(Audited)</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Export bills discounted with recourse	<u>7,338</u>	<u>6,711</u>

Apart from certain overseas subsidiaries of the Company which participate in provident fund schemes established by the relevant authorities in their respective countries, the Group did not operate any retirement benefit scheme. Commencing from December 2000, the operating companies in Hong Kong operate a mandatory provident scheme for all eligible employees.

As at 31 December 2000, certain employees have completed the required number of years of service under Hong Kong laws to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments where the termination meets the required circumstances specified in the relevant laws. The Directors are of the opinion that the circumstances which will give rise to long service payments are unlikely to arise, and accordingly no provision for any future long service payments has been made in these financial statements. If the termination of all these employees were to meet the circumstances required by the relevant laws, the Group's liability as at 31 December 2000 would be HK\$9,800,000 (30.6.2000: HK\$9,462,000).

#### 16. CAPITAL COMMITMENTS

	<b>31.12.2000</b>	<b>30.6.2000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<hr/>	
Capital expenditure in respect of acquisition of property, plant and equipment contracted but not provided in the financial statements	<u>          -</u>	<u>          64</u>

**17. RELATED PARTY TRANSACTIONS**

During the period, the Group had significant transactions with related parties as follows:

Name of related party	Nature of transactions	For the six months ended	
		31.12.2000 (Unaudited) <i>HK\$'000</i>	31.12.1999 (Unaudited) <i>HK\$'000</i>
Bestform Inc. and its affiliates (note a)	Sale of finished products	196,263	183,734
	Purchase of raw materials or semi finished products	13,855	20,310
	Interest payable on convertible loan notes ("CLN")	832	832
		<u>          </u>	<u>          </u>
Shenzhen Fenghua Weaving Tape Factory Company Limited (note b)	Rental paid	-	252
		<u>          </u>	<u>          </u>
AIG Asia Direct Investment Fund Ltd. (note c)	Interest payable on CLN	1,305	1,305
		<u>          </u>	<u>          </u>
American International Assurance Co. (Bermuda) Ltd. (note c)	Interest payable on CLN	1,305	1,305
		<u>          </u>	<u>          </u>

*Notes:*

- (a) As at 31 December 2000, the balances of trade receivable from Bestform Inc. and its affiliates amounted to HK\$13,513,000 (At 30.6.2000: HK\$11,588,000) and the balance of interest payable to Bestform Inc. amounted to HK\$2,975,000 (At 30.6.2000: HK\$2,511,000). Bestform Inc. is a beneficial owner of 66,000,000 shares of the Company and holds US\$3.5 million of the CLN issued by the Company. Mr. Marvin Bienenfeld, a non-executive Director of the Company, who acted as the Chairman of Bestform Inc. until 1 January 2001.
- (b) As at 31 December 2000, the balance of trade payable to Shenzhen Fenghua Weaving Tape Factory Company Limited amounted to HK\$440,000 (At 30.6.2000: HK\$440,000). Shenzhen Fenghua Weaving Tape Factory Company Limited is an associate of the Group.

- (c) As at 31 December 2000, the balance of interest payable to each of AIG Asia Direct Investment Fund Ltd. and American International Assurance Co. (Bermuda) Ltd., respectively, amounted to HK\$4,666,000 (30.6.2000: HK\$3,946,000). AIG Asia Direct Investment Fund Ltd. and American International Assurance Co. (Bermuda) Ltd., both of which are managed by AIG Investment Corporation (Asia) Limited, each holds US\$5.5 million of the CLN issued by the Company. Mr. Lin Sian Zu, John and Ms. Tse Koon Hang, Ada, non-executive Directors of the Company, are directors of AIG Investment Corporation (Asia) Limited.

In addition to the above, the details of loans receivable from Almswood International Limited, a company wholly owned by Mr. Lo Kit Lun, Frank, who acted as a non-executive Director of the Company until 18 August 2000 are set out in note 10.

#### MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 31 December 2000, the Group's business activities were organized into one corporate cost center and two operating units whilst Europe has ceased to be an operating business since the beginning of the current fiscal year, and included in the analysis for comparison purposes.

	Turnover		Operating Profit/(Loss)	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Manufacturing	410,840	316,038	37,974	30,772
Distribution	15,404	19,762	(478)	(1,515)
Europe	–	5,830	–	(344)
Corporate	–	–	(16,939)	(17,526)
<b>Total</b>	<b>426,244</b>	<b>341,630</b>	<b>20,557</b>	<b>11,387</b>

The Group continued to excel itself in its performance since the completion of the financial restructuring. Total sales for the six months increased by 25%, to HK\$426.2 million, operating profit increased by 81%, to HK\$20.6 million, and basic earnings per share was 2.3 cents, compared to 1.3 cents recorded in the same period of the previous year.

Much of the improvement in performance was driven by the continued growth of our core business – manufacturing. During the six month period, the business unit produced 1.8 million dozens of brassiere products – another record output for the Company, which generated HK\$410.8 million of sales and HK\$38.0 million of operating profit, reflecting respectively 30% and 23% of robust increases over the corresponding period in the previous year. On operation side, the management is pleased with the progress of the planned expansion in Thailand and the added capacity there has well supported our sales increase.

Distribution business saw some mixed results during the period. Sales decreased by 22%, to HK\$15.4 million but operating loss was trimmed to less than HK\$0.5 million. While Taiwan remained the most difficult market due to its economy downturn, the Company was able to improve its performance in other markets, especially in Hong Kong where our Marguerite Lee operations have demonstrated encouraging turnaround in sales.

In accordance to the terms of the Loan Restructuring Agreement, the Group entered into with its lending banks, the Group paid down its bank debts by HK\$25 million in last July, and subsequently submitted a proposal to the banks to restructure the balance of its bank debts. Such proposal received the banks' consent in January 2001. The management is pleased with the outcome of the loan restructuring, which reflects the banks' confidence in the performance and positive future of the Group.

Despite the encouraging six months result, the management has taken a prudent approach in planning its business for the second half of the fiscal year. The economy in the U.S.A. – our major market, after years of continuous growth, has shown signs of slowdown. The situation inevitably will have a negative impact on consumer spending and production demand. While the Group adheres to its stated strategy to grow its core business, we will intensify our sales efforts in Europe and Japan so as to reduce the Company's dependency on the U.S. market.



**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

The following Directors were granted options to subscribe for shares in the Company on 23 December 1991 and 3 September 1992 at an exercise price of HK\$0.87 and HK\$1.35 respectively:

Name of Director	Number of shares entitled under the options granted on	
	23 December 1991	3 September 1992
Mr. Wong Chung Chong, Eddie	3,600,000	6,000,000
Mr. Lo Kit Lun, Frank (resigned on 18 August 2000)	4,800,000	8,000,000

These options are exercisable at any time during the period commencing on the second anniversary of the date of grant of the options and expiring at the close of business on the business day preceding the tenth anniversary of the date of grant of such options.

No options have been exercised by the Directors since they were granted.

Save as disclosed above, at no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable a Director or his spouse and children under 18 years of age, to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

**DIRECTORS' INTERESTS IN SHARES**

As at 31 December 2000, the interests of the Directors in the 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 held	
	Personal interests	Other interests
Mr. Fung Wai Yiu	–	66,916,000 *
Mr. Wong Chung Chong, Eddie	94,864,380	47,000,000 **
Mr. Lam Ka Chung, William	200,000	–

\* 66,700,000 shares are registered in the name of Fung On Holdings Limited. The shares of Fung On Holdings Limited are held by a family trust of which Mr. Fung Wai Yiu and his family members are eligible beneficiaries. The remaining 216,000 shares are held by the spouse of Mr. Fung Wai Yiu.

\*\* The shares are registered in the name of High Union Holdings Inc. on behalf of the trustee of a unit trust of which the units are held by a family trust of which the family members of Mr. Wong Chung Chong, Eddie are eligible beneficiaries.

Save as disclosed above and other than certain nominee shares in subsidiaries held by the Directors in trust for the Company and its subsidiaries, no Directors had any interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

#### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2000, the register of substantial shareholders maintained pursuant to Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of the Directors, the Company had not been notified of any parties with interests representing 10 per cent. or more of the Company's issued share capital.

#### AUDIT COMMITTEE

On 11 December, 1998, the Company formed an Audit Committee comprising Mr. Chow Yu Chun, Alexander, Mr. Lam Ka Chung, William, Mr. Lin Sian Zu, John and Ms. Tse Koon Hang, Ada, all of whom are independent non-executive Directors of the Company. In establishing the terms of reference of the Audit Committee, the Directors have made reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants in December, 1997.

The unaudited interim report for the six months ended 31 December 2000 has been reviewed by the Audit Committee.

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

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

#### DIVIDENDS

The Directors proposed that no interim dividend be declared for this six months period (1999: nil).

#### CORPORATE GOVERNANCE

The Company has complied throughout the period 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.

By Order of the Board  
**Fung Wai Yiu**  
*Chairman*

Hong Kong, 20 March 2001