

DIRECTORS' INTERESTS IN SECURITIES

At 30 June 2001, the interests of directors in the ordinary shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of Hong Kong Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of directors	Nature of interest	Number of ordinary shares held
Tsoi Hon Chung	Corporate (<i>Note</i>)	148,964,000
Tsoi Chun Bun	Other (<i>Note</i>)	148,964,000
Tsoi Chun Hung	Other (<i>Note</i>)	148,964,000

Note: Feng Lin Holdings Limited ("Feng Lin"), a company incorporated in the British Virgin Islands, held 148,964,000 ordinary shares of the Company, representing approximately 74.48% of the issued share capital of the Company. The issued share capital of Feng Lin is beneficially owned as to 40%, 5% and 5% by Messrs. Tsoi Hon Chung, Tsoi Chun Bun and Tsoi Chun Hung respectively. In addition, Madam Lin Feng Qing, the spouse of Mr. Tsoi Hon Chung, holds 5% of the issued share capital of Feng Lin.

Save as disclosed above, none of the directors and chief executives or their associates had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2001, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed that the following person having an interest of 10% or more of the issued share capital of the Company:

Name	Number of ordinary shares held
Tse Kam Fai (<i>Note</i>)	148,964,000

Note: Mr. Tse Kam Fai holds 40% of issued share capital of Feng Lin and controls more than one third of the voting right of Feng Lin. Accordingly, he is deemed to be interested in the 148,964,000 ordinary shares of the Company held by Feng Lin.

Save as disclosed above and those interests disclosed under the heading "Directors' Interests in Securities", the Company had not been notified of any other interests representing 10% or more of the issued share capital of the Company as at 30 June 2001.

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

During the six months ended 30 June 2001, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2001, the Group had approximately 700 full time managerial, administrative and production staff, the majority of them are employed in the PRC. The Group remunerates its employees largely based on the prevailing industry practice and provides rent-free quarters to most of its employees in the PRC. Remuneration packages are structured to reward and motivate individual performance and contribution to the Group. Review of remuneration policies are conducted on a regular basis.

AUDIT COMMITTEE

The Company's 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 for the six months ended 30 June 2001.

CODE OF BEST PRACTICE

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 June 2001, 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 the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Bye-laws of the Company.