



CIL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

**INTERIM REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2000**



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INTERIM RESULTS

The Board of directors (the “Board”) of CIL Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2000 together with the unaudited comparative figures for the corresponding period in 1999 as follows:

Condensed Consolidated Income Statement

For the six months ended 31 December 2000

		For the six months ended 31 December	
		2000	1999
	Notes	Unaudited HK\$'000	Unaudited HK\$'000
Turnover	2	33,181	135,971
Cost of sales and services provided		<u>(30,880)</u>	<u>(133,405)</u>
Gross profit		2,301	2,566
Other revenue		3,064	77
General and administrative expenses		(19,901)	(31,057)
Other operating expenses		(25,753)	(775)
Net gain on de-consolidation of subsidiaries	3	25,961	—
Provision for permanent diminution in value of a subsidiary		—	(2,302)
Profit on disposal of shares in a subsidiary		—	4,681
Loss from operations		<u>(14,328)</u>	<u>(26,810)</u>
Finance cost		(15,746)	(20,065)
Share of results of associates		—	(4,453)
Loss before taxation	4	<u>(30,074)</u>	<u>(51,328)</u>
Taxation	5	—	(32)
Loss before minority interest		<u>(30,074)</u>	<u>(51,360)</u>
Minority interest		—	2,352
Loss attributable to shareholders		<u>(30,074)</u>	<u>(49,008)</u>
Interim dividend	6	—	—
Loss for the period		<u><u>(30,074)</u></u>	<u><u>(49,008)</u></u>
Loss per share			
Basic	7	<u><u>(0.81cents)</u></u>	<u><u>(3.15cents)</u></u>

The notes on pages 6 to 14 form part of this interim financial report.



Condensed Consolidated Balance Sheet

At 31 December 2000

	31 December	30 June
	2000	2000
<i>Notes</i>	Unaudited	Audited
	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	33,077	40,697
Interests in associates	13	13
Interests in joint ventures	53,247	25,839
Investments in securities	137,084	29,650
	<u>223,421</u>	<u>96,199</u>
Current assets		
Investments in securities	8,812	22,003
Inventories	3,658	6,853
Accounts receivable	8 13,663	16,095
Prepayments, deposits and other receivable	8 125,679	130,680
Due from contract customers	—	13,371
Cash and bank deposits	2,006	2,021
	<u>153,818</u>	<u>191,023</u>
Less: Current liabilities		
Current portion of interest-bearing borrowings	204,721	201,983
Current portion of non-interest-bearing borrowings	489	489
Current portion of obligations under finance leases	2,115	1,291
Bills payable, secured	9,777	2,174
Accounts payable	9 6,770	117,677
Accruals, other payable and deposits received	9 316,039	226,539
Due to contract customers	—	9,309
Convertible notes	—	12,500
Taxation payable	475	3,705
Amount due to a director	297	—
	<u>540,683</u>	<u>575,667</u>

The notes on pages 6 to 14 form part of this interim financial report.



Condensed Consolidated Balance Sheet (Continued)

At 31 December 2000

		31 December 2000	30 June 2000
	<i>Notes</i>	Unaudited HK\$'000	Audited HK\$'000
Net current liabilities		<u>(386,865)</u>	<u>(384,644)</u>
Total assets less current liabilities		<u>(163,444)</u>	<u>(288,445)</u>
Less: Non-current liabilities			
Non-current portion of obligations under finance leases		—	1,384
Deferred taxation		<u>29</u>	<u>29</u>
		29	1,413
Minority interests		<u>387</u>	<u>1,379</u>
		<u>416</u>	<u>2,792</u>
NET LIABILITIES		<u>(163,860)</u>	<u>(291,237)</u>
CAPITAL AND RESERVES			
Share capital	<i>10</i>	54,016	300,262
Reserves	<i>12</i>	<u>(217,876)</u>	<u>(591,499)</u>
		<u>(163,860)</u>	<u>(291,237)</u>

The notes on pages 6 to 14 form part of this interim financial report.



Condensed Consolidated Cash Flow Statement

For the six months ended 31 December 2000

	Unaudited <i>HK\$'000</i>
Net cash outflow from operating activities	(21,354)
Net cash outflow from returns on investments and servicing of finance	(15,219)
Tax paid	(52)
Net cash inflow from investing activities	<u>7,012</u>
Net cash outflow before financing	(29,613)
Net cash inflow from financing	<u>39,773</u>
Increase in cash and cash equivalents	10,160
Cash and cash equivalents at 30 June 2000	<u>(106,078)</u>
Cash and cash equivalents at 31 December 2000	<u><u>(95,918)</u></u>
Analysis of the balances of cash and cash equivalents	
Cash at bank and in hand	2,006
Bank overdrafts	(1,329)
Bank and other borrowings with maturity within three months	<u>(96,595)</u>
	<u><u>(95,918)</u></u>

The notes on pages 6 to 14 form part of this interim financial report.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2000

1. Basis of preparation

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties.

The interim report has been prepared in accordance with the requirements of the Main Board Listing Rules on The Stock Exchange of Hong Kong, including compliance with the Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants, except that comparative figures for the cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Main Board Listing Rules.

There were no recognised gains or losses other than the loss for the six months ended 31 December 2000. Accordingly, a consolidated statement of recognised gains and losses is not presented.

The accounting policies adopted are consistent with those adopted in the Group's annual financial statements for the year ended 30 June 2000.

2. Turnover and segmental information

The turnover and contribution to loss from operations of the Group for the period ended 31 December 2000, analysed by principal activity and geographical area, are as follows:

	Turnover		Contribution to loss from operations	
	For the six months ended 31 December 2000	1999	For the six months ended 31 December 2000	1999
	Unaudited	Unaudited	Unaudited	Unaudited
	HK'000	HK'000	HK\$'000	HK\$'000
<i>By principal activity:</i>				
Interior decoration and renovation, building construction, electrical and mechanical engineering	—	113,605	—	(17,397)
Trading of building and interior decoration materials	4,051	22,366	(4,157)	(2,775)
Trading of multi-media products	29,130	—	(1,823)	—
Others	—	—	(34,309)	(6,638)
	<u>33,181</u>	<u>135,971</u>	<u>(40,289)</u>	<u>(26,810)</u>
<i>By geographical area:</i>				
The Hong Kong Special Administrative Region ("Hong Kong")	23,811	118,332	(39,482)	(23,332)
Other parts in the People's Republic of China ("the PRC")	9,002	14,639	(412)	(2,886)
Overseas	368	3,000	(395)	(592)
	<u>33,181</u>	<u>135,971</u>	<u>(40,289)</u>	<u>(26,810)</u>



3. Net gain on de-consolidation of subsidiaries

Certain subsidiaries, which were consolidated in the Group's consolidated balance sheet as at 30 June 2000 and nevertheless put into liquidation subsequent to that date (as set out in note 17b), have been de-consolidated from the Group's consolidated balance sheet as at 31 December 2000. The directors consider that the resulting Group's financial statements, if these subsidiaries were consolidated, will not present a true and fair view of the financial position of the Group as a whole.

Operating losses of these subsidiaries of HK\$14,647,000 for the period ended 31 December 2000 have not been included in the Group's consolidated income statement for the period 31 December 2000.

Net gain on de-consolidation of subsidiaries shown in condensed consolidated income statement includes the full provision made for the guarantees provided by the Group to the credit facilities of these subsidiaries and the amounts due from these subsidiaries, to the extent of the amounts irrecoverable, and any possibly costs in associate with the de-consolidation of the subsidiaries.

4. Loss before taxation

Loss before taxation is arrived at:

	For the six months ended 31 December	
	2000	1999
	Unaudited	Unaudited
	HK\$'000	HK\$'000
<i>After (charging)/crediting:</i>		
Amortisation of goodwill	(13,456)	—
Cost of sales and services provided	(30,880)	(133,405)
Depreciation	(2,024)	(2,994)
Finance cost	(15,746)	(20,065)
Net gain for disposal of shares of a subsidiary	—	2,379
Net loss for disposal of shares of a subsidiary	(7,330)	—
Net gain on de-consolidation of subsidiaries	25,961	—
Profit on disposal of shares in a subsidiary	—	4,681
Provision for permanent diminution in value of a subsidiary	—	(2,302)
	—	(2,302)



5. Taxation

	For the six months ended 31 December	
	2000	1999
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Hong Kong taxation	—	—
Overseas taxation	—	32
	—	32
Share of associates and jointly-controlled entities' taxation	—	—
	—	32
	—	32

No Hong Kong or overseas profits tax has been provided as the Group has no estimated assessable profits in Hong Kong and elsewhere during the period.

6. Interim dividend

The Board of directors does not recommend to declare any interim dividend for the six months ended 31 December 2000 (1999: Nil).

7. Loss per share

The calculation of the basic loss per share is based on the loss attributable to shareholders for the period ended 31 December 2000 of HK\$30,074,000 (1999: HK\$49,008,000) and the weighted average number of 3,712,781,406 ordinary shares (1999: 1,556,131,478 shares) in issue during the period.

No diluted loss per share for the period ended 31 December 2000 and 1999 have been shown as the effect of potential ordinary shares outstanding during these periods would be anti-dilutive.

8. Accounts receivable and Prepayments, deposits and other receivable

Included in accounts receivable and prepayment, deposits and other receivable are trade debtors (net of specific provisions for bad and doubtful debts) of HK\$13,663,000 (year ended 30 June 2000: HK\$15,481,000), an aging analysis of which at the reporting date is as follows:

	31 December 2000	30 June 2000
	Unaudited	Audited
	HK\$'000	HK\$'000
0—90 days	1,178	832
91—180 days	3,109	358
Over 180 days	9,376	14,291
	13,663	15,481



9. Accounts payable and Accruals , other payable and deposit received

Included in accounts payable, accruals, other payable and deposits received are trade creditors of HK\$6,770,000 (year ended 30 June 2000: HK\$126,986,000), an aging analysis of which at the reporting date is as follows:

	31 December 2000	30 June 2000
	Unaudited	Audited
	HK\$'000	HK\$'000
0—90 days	5,206	2,904
91—180 days	824	1,028
Over 180 days	740	123,054
	<u>6,770</u>	<u>126,986</u>

10. Share Capital

	Number of shares		Share capital	
	31 December	30 June	31 December	30 June
	2000	2000	2000	2000
	Unaudited	Audited	Unaudited	Audited
	'000	'000	HK\$'000	HK\$'000
<i>Authorised:</i>				
Ordinary shares of HK\$0.01 each (30 June 2000: HK\$0.1 each): (a)				
At the beginning of the period/year	40,000,000	2,000,000	400,000	200,000
Increase during the period/year	<u>20,000,000</u>	<u>2,000,000</u>	<u>200,000</u>	<u>200,000</u>
At the end of the period/year	<u>60,000,000</u>	<u>4,000,000</u>	<u>600,000</u>	<u>400,000</u>
<i>Issued and fully paid:</i>				
At the beginning of the period/year	30,026,150	1,460,235	300,262	146,024
Issued upon conversion of convertible bonds (b)	1,250,000	—	12,500	—
Issued upon acquisition of a subsidiary	—	250,000	—	25,000
Issued upon acquisition of an associate (c)	3,000,000	—	30,000	—
Issued upon acquisition of other investments (d)	10,740,000	—	107,399	—
Issued upon share placements (e)	900,000	776,000	9,000	77,600
Issued upon settlement of debts	—	474,030	—	47,403
Issued upon exercise of share options	—	42,350	—	4,235
	<u>45,916,150</u>	<u>3,002,615</u>	<u>459,161</u>	<u>300,262</u>
Capital reorganisation (a)	<u>(40,514,532)</u>	<u>—</u>	<u>(405,145)</u>	<u>—</u>
At the end of the period/year	<u>5,401,618</u>	<u>3,002,615</u>	<u>54,016</u>	<u>300,262</u>



10. Share Capital (Continued)

The following changes in the share capital of the Company took place during the period ended 31 December 2000:

- (a) Pursuant to the special resolution passed at a special general meeting on September 2000, the authorised share capital of the Company was increased from HK\$400,000,000 to HK\$600,000,000 by the creation of an additional 2,000,000,000 new ordinary shares of HK\$0.10 each ranking *pari passu* in all respects with the existing ordinary shares of the Company.

Pursuant to the special resolution passed at a special general meeting on 9 November 2000, it was resolved to (i) reduce the par value of the approximate 4,502 million shares which were in issue up to 9 November 2000 in the Company from HK\$0.10 to HK\$0.01 each by the cancellation of HK\$0.09 paid up on each issued share; (ii) subdivide each authorized but unissued share capital of the Company into 10 new shares; (iii) utilise the entire credit arising from the capital reorganisation to eliminate part of the accumulated losses of the Company; and (iv) increase the board lot size from 2,000 to 100,000 upon completion of the capital reorganisation.

- (b) On 19 July 2000, all of the convertible notes held by Mr. Lee Bing Kwong were converted into 125,000,000 ordinary shares of HK\$0.1 each.
- (c) On 10 October 2000, the Company issued 300,000,000 new shares of HK\$0.1 each for the consideration of acquisition of 33.3% of the issued share capital of Hightor Enterprises Limited.
- (d) Save as above, the Company issued a total of 1,074,000,000 new shares of HK\$0.1 each for the considerations of the acquisition of other various investments during the period.
- (e) On 22 November 2000, the Company entered into a placing agreement to place 900,000,000 placing shares at the placing price of HK\$0.011 per share. Out of the proceed from this share placement, HK\$9,000,000 was credited to share capital and the balance net of placing handling charges was credited to the share premium account.

11. Share option scheme

On 1 July 1993, the Company approved a share option scheme under which the directors may, at their discretion, at any time during the ten years from the date of approval, invite any eligible employee of the Group to take up options to subscribe for shares of the Company. Such options will lapse on the voluntary resignation or termination of any eligible employee's employment in accordance with the termination provision of his contract of employment other than by reason of redundancy. The maximum number of shares on which options may be granted may not exceed 10% of the share capital in issue at the time of grant. The aforesaid share option scheme became effective upon the listing of the Company's shares and warrants on 21 July 1993.

During the period, the Company did not grant any option to entitle the holders to subscribe shares of the Company pursuant to the aforesaid share option.



11. Share option scheme (Continued)

At 31 December 2000, the Company had 26,200,000 share options outstanding, of which 1,000,000, 6,300,000, 700,000, 17,200,000, 1,000,000 options were exercisable at HK\$0.237, HK\$0.320, HK\$0.511, HK\$0.626 and HK\$0.751 per share respectively (subject to adjustments), , at any time during the period of ten years from the date of grant of the options. The exercise in full of such share options would, under the present capital structure of the Company, result in the issue of 26,200,000 additional shares.

No share options have been exercised during the period.

12. Reserves

	Share premium HKD'000	Capital reserve HKD'000	Enterprise expansion funds HKD'000	Assets revaluation reserve HKD'000	Exchange fluctuation reserve HKD'000	Retained Profits/ (accumulated losses) HKD'000	Total HKD'000
The Group							
At 30 June 2000 (audited)	295,180	6,674	79	9,649	(193)	(902,888)	(591,499)
Issuance of new shares for acquisition of assets	900	—	—	—	—	—	900
Share issue expenses	(2,173)	—	—	—	—	—	(2,173)
Disposal of winding-up subsidiaries	—	(17)	(79)	—	(79)	—	(175)
Loss for the period	—	—	—	—	—	(30,074)	(30,074)
Capital reorganisation	—	—	—	—	—	405,145	405,145
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2000 (unaudited)	<u>293,907</u>	<u>6,657</u>	<u>—</u>	<u>9,649</u>	<u>(272)</u>	<u>(527,817)</u>	<u>(217,876)</u>

13. Pledge of assets

At 31 December 2000, the credit facilities granted to the Group by certain creditors are secured by the following properties of the Group:

- mortgages over certain land and building of the Group;
- a pledge of certain investments of the Group;
- a floating charge on all undertakings, properties, assets and rights of certain wholly owned subsidiaries of the Group;
- corporate guarantees executed by the Company; and
- personal guarantees executed by certain directors of the Company.



14. Capital commitments

Capital commitments outstanding but not provided for in the interim financial statements are analysed as follows:

	31 December 2000 Unaudited HK\$'000	30 June 2000 Audited HK\$'000
Contracted for	154,171	155,890
Authorised but not contracted for	—	—
	<u>154,171</u>	<u>155,890</u>

15. Related party transactions

The Group did not have any material related party transactions during the period.

16. Contingent liabilities

	31 December 2000 Unaudited HK\$'000	30 June 2000 Audited HK\$'000
Guarantee of insurance claims	1,500	1,500
Counter-indemnities against performance bonds issued	9,336	57,336
Guarantee of debts	13,660	13,660
	<u>24,496</u>	<u>72,496</u>

- (a) At the date of this interim report, certain employees had completed the required number of years of service under the Employment Ordinance (the "Ordinance") to be eligible for long service payments upon termination of their employment. The Group is only liable to make such payments where the termination meets the required circumstance specified in the Ordinance. If the termination of all these employees met the circumstances required by the Ordinance, the Group's liability at the balance sheet date would have been approximately HK\$673,000 (year ended 30 June 2000: HK\$673,000). No provision has been made for this amount in the financial statements.
- (b) There were various legal proceedings and winding up petitions taken by the bankers and creditors against the Company and its subsidiaries during the period and subsequent to the report date. The directors consider that the estimated liabilities for the Group were HK\$167 million of which HK\$164 million were provided in the Group's financial statements. The estimation did not include those cases where no legal actions or solicitors' letters were issued as well as the legal costs and interests where not confirmed.



17. Subsequent events

Subsequent to the report date, the following events took place:

- (a) Subsequent to the report date, certain creditors have initiated several winding up petitions against the Company and the Group.

The High Court hearing in respect of the winding-up petition served by Sin Hua Bank Limited involving approximately HK\$4.5 million has been further adjourned to 20 August 2001.

The Group was involved in various legal proceedings, claims and disputes in respect of the ex-employees claiming for approximate HK\$8.6 million.

- (b) Subsequent to the report date, the High Court granted winding up orders against the following subsidiaries: Ka Cheong Building Materials (International) Limited, Collections Interior Limited, CIL (Nominees) Limited and Sundart CIL (Engineering) Limited on 21 May 2001, 4 June 2001, 11 June 2001 and 26 June 2001 respectively. All of these winding-up subsidiaries and their subsidiaries were de-consolidated from the Group's interim report for the period ended 31 December 2000.
- (c) The Company issued 13,800 million new ordinary shares for settlement of debts on 2 March 2001 in accordance with the settlement agreements.
- (d) On 9 February 2001, the Company and Mr. Zhang Xue Ping ("Mr. Zhang"), an independent third party, entered into an agreement that the Company agreed to purchase 32.5% interest of 廣州市奧斯凱科技有限公司 ("奧斯凱"). The consideration of HK\$26 million was satisfied by the issue of 2,600 million ordinary shares of the Company at HK\$0.01 each.

奧斯凱 is a well established research and development company with the founder management, Mr. Zhang, an expert in corporate software development. The newly developed gas composition measuring equipment is superior in the sensitivity and accuracy of the measurements, and the convenience of carrying the requirement. It is expected the market potential of the equipment will be huge and the return of the investment will be encouraging.

- (e) On 5 March 2001, the Company and several shareholders of 廣州飛流熱水器有限公司 ("飛流"), who are independent third parties, entered into an agreement that the Company agreed to purchase 30% interest of 飛流. The consideration of HK\$21 million to be satisfied in full at completion by the issue of 2,100 million ordinary shares of the Company at HK\$0.01 each.

The principal business of 飛流 is the research and development, production, processing and sale of water heating equipment and accessories. 飛流 was incorporated on 14 December 2000 and commenced business shortly thereafter.

Up to the date of this report, the transaction was not yet completed. The Group is under negotiation with the shareholders of 飛流 for a further extension of the completion date.



17. Subsequent events (Continued)

- (f) On the 6 March 2001, the Company and 廣州華新實業有限公司 (“華新”), an independent third party, which is a 70% equity owner of 中國神州酒店 (“神州”), a limited liability company established in the People’s Republic of China (“PRC Company”), entered into an agreement. The Company agreed to purchase from 華新 the operating receipts which represent a 10% net profits after taxation of 神州 from the operating rights of 華新 for the duration of approximately 13 years. The consideration of HK\$17 million to be satisfied in full at completion by the issue of 1,700 million ordinary shares of the Company at HK\$0.01 each.

神州 is located at a prime location in Kwangzhou City, the People’s Republic of China, with 300 rooms, a 4-storey restaurant building and a 6-storey sauna building. 神州 is currently managed and operated by an independent third party. 華新 expects shortly to secure from the PRC Company a 13-year operating right for 華新 in replacement of the existing manager of 華新 (this being a condition precedent to the completion of the conditional agreement). Up to the date of this report, the transaction was not yet completed. The Group is under negotiation with 華新 for a further extension of the completion date.

- (g) On 10 April 2001, the Company and Goldhill Holdings Philippines (“Goldhill Holdings”), an independent third party, entered into an agreement that the Company agreed to purchase 100% equity interest of Goldhill Merchandising Inc. (“Goldhill Merchandising”) and shareholders’ loan in the sum of 58 million pesos (equivalent to approximately HK\$9 million) which was advanced by Goldhill Holdings to Goldhill Merchandising. The consideration of HK\$50 million was satisfied by the issue of 4,300 million ordinary shares of the Company at HK\$0.01 each and a transferable, interest-free promissory note in the amount of HK\$7 million repayable within 6 months after the completion of the transaction.

The principal business of Goldhill Merchandising is the provision of retail premises, leasing facilities and equipment and exclusive wholesale supply of merchandise to 18 convenient stores in Philippines.

- (h) On 7 June 2001, a finance lease creditor of Modern Faith Limited (“Modern Faith”), a wholly owned subsidiary of the Group, filed a writ of summons to the High Court to claim damages against Modern Faith amounting to approximately HK\$1.2 million as a result of deferred repayment of a finance lease for the acquisition of a motor vehicle.
- (i) On 10 July 2001, an agreement was entered into between an independent third party and the Company pursuant to which the Company has agreed to acquire 49% of the issued shares of Morning Star Travel and Tours, Inc. (“MSTT”), a company incorporated in the Republic of Philippines. The consideration of HK\$39.2 million to be satisfied in full at completion by the issue of 3,920 million ordinary shares of the Company at HK\$0.01 each. Up to the date of this report, the transaction was not yet completed.

18. Comparative figures

Certain comparative figures have been reclassified to conform with the current period presentation and audited annual financial statements for the year ended 30 June 2000.



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

During the period under review, the Group continued its core businesses in trading of building and interior decoration materials and commenced trading business of multi-media products. In previous years, the Group had relied on very high financing costs in the construction projects, which resulted in delays and subsequently led to disputes with sub-traders, suppliers and employees during the period. In addition, the group saw the uncertainties in the future profitability of its core businesses, and had therefore taken steps in diversifying into other businesses and had acquired through equity finance a number of new businesses with minimum cash outlays but with a guarantee profit. Such measures taken were to strengthen the group's assets and income base. The group will actively and prudently pursue other potential business opportunities and is currently formulating plans for the reorganization and future development of the group and restructuring of existing borrowings of the group.

Liquidity and Capital Resources

During the period under review, the Company made share placements of totally 900 million ordinary shares at a price of HK\$0.011 each and several share issues of totally 1,499 million ordinary shares at a price of HK\$0.1 each. The proceeds were used for acquisitions, repayment of the Group's borrowings and interest and as the Group's additional working capital.

The net liabilities of the Group as at 31 December 2000 is approximately HK\$163.8 million, the management intends to meet the shortfall by long term equity finance and restructuring of existing borrowings of the Group.



Directors' Right to Acquire Shares

Under the Company's share options scheme, details of which are set out in note 11 to the Condensed Financial Statements, certain directors of the Company have personal interests in share options to subscribe for shares in the Company. The directors had personal interests in share options granted by the Company during the period to subscribe for shares in the Company as follows:

Name of director	Date of grant	Exercise price HK\$	Number of option outstanding at 30 June and 31 December 2000
Joseph Szeto	31/12/1997	0.626	9,000,000
Ho Pui Tsun, Peter	25/11/1996	0.320	6,300,000
Ho Pui Tsun, Peter	31/12/1997	0.626	8,200,000
Mark Robert, Taylor	26/06/1997	0.511	700,000
Mark Robert, Taylor	23/09/1997	0.751	1,000,000
Mark Robert, Taylor	25/08/1998	0.237	<u>1,000,000</u>
			<u><u>26,200,000</u></u>

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor chief executives, nor any of their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or exercised any such right.



Directors' Interest in Securities

At 31 December 2000, the interests of the directors, the chief executives and their associates in the shares and share options of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”)) as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as notified to the Company were as follows:

Name of director	Nature of interest	Number of shares
Mark Robert Taylor	Personal	1,300,000

Save as disclosed above, none of the directors or their respective associates had any personal, family, corporate or other interests in the shares and share options of the Company or any of its associated corporations as defined in the SDI Ordinance.

The directors' interests in the share options of the Company are disclosed above in the section “Directors' rights to acquire shares”.

Substantial Shareholders' Interest

At 31 December 2000, no person had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

Code of Best Practice

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the 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.



Publication of Interim Results on the Stock Exchange's Website

The detailed results containing all the information required by the Listing Rules will be published on the Stock Exchange's website in due course.

Audit Committee

The 2000 interim report has been reviewed by the Audit Committee which comprises two independent non-executive directors. The Audit Committee has also reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the unaudited interim financials.

By Order of the Board

Joseph Szeto

Chairman

Hong Kong, 16 August 2001