

CONTENTS

DIRECTORS AND CORPORATE INFORMATION	1
CONDENSED CONSOLIDATED INCOME STATEMENT	2
CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES	3
CONDENSED CONSOLIDATED BALANCE SHEET	4
CONDENSED CASH FLOW STATEMENT	5
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	6
MANAGEMENT DISCUSSION AND ANALYSIS	12
DIRECTORS' INTEREST IN SHARES	14
DIRECTORS' RIGHTS TO ACQUIRE SHARES	14
DIVIDEND	15
SUBSTANTIAL SHAREHOLDERS	15
PURCHASES, SALES AND REDEMPTIONS OF LISTED SECURITIES	15
CODE OF BEST PRACTICE AND CORPORATE GOVERNANCE	15

DIRECTORS AND CORPORATE INFORMATION

Board of Directors

Kwee, Cahyadi Kumala (*Chairman*)

Chan, Chuen Wing (*Vice Chairman and Managing Director*)

Amantoy, Jose B.

Liaw, Chung Shiung

Guan, Xian Liang

Dequina, Karen

Chiu, Chi Keung, Parker (*non-executive*)

Pikanto, Hanyman (*non-executive*)

Jong, Soebakti Harsono (resigned on 21 May 2001)

Company Secretary

Hui, Wai Man, Shirley

Principal Bankers

HSBC

Sin Hua Bank Limited

Auditors

Ernst & Young

Registered Office

Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

Principal Office in Hong Kong

Unit 808, 8th Floor

Guardforce Centre

3 Hok Yuen Street East

Hunghom

Kowloon, Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Corporate Services Limited

Rosebank Centre

Bermudiana Road

Pembroke, Bermuda

Hong Kong Share Registrar and Transfer Office

Secretaries Limited

5th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

The board of directors of Fortuna International Holdings Limited is pleased to present the unaudited interim financial statements of the Company for the period ended 30 June 2001.

These interim financial statements have not been audited, but have been reviewed by the Company's external auditors and audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2001	2000
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	3	116,076	105,212
Cost of sales		(74,635)	(60,439)
		<hr/>	<hr/>
Gross profit		41,441	44,773
Other revenue	3	1,274	6,941
Selling and distribution expenses		(7,833)	(6,144)
Administrative expenses		(20,157)	(20,515)
Other operating expenses		(761)	–
Gain on disposal of property, plant and equipment		6,309	288
		<hr/>	<hr/>
PROFIT FROM OPERATING ACTIVITIES	4	20,273	25,343
Finance costs		(8,364)	(8,758)
Share of losses of associates		–	(123)
		<hr/>	<hr/>
PROFIT BEFORE TAX		11,909	16,462
Tax	5	(3,323)	(4,965)
		<hr/>	<hr/>
PROFIT BEFORE MINORITY INTERESTS		8,586	11,497
Minority interests		(4,375)	(4,369)
		<hr/>	<hr/>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		4,211	7,128
		<hr/> <hr/>	<hr/> <hr/>
EARNINGS PER SHARE	6		
Basic		0.11 cents	0.23 cents
		<hr/> <hr/>	<hr/> <hr/>
Diluted		N/A	0.23 cents
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Six months ended 30 June	
	2001	2000
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange differences on translation of the financial statements of overseas subsidiaries and associates	(4,299)	–
Net profit from ordinary activities attributable to shareholders	4,211	7,128
Total recognised gains and losses	<u>(88)</u>	<u>7,128</u>
Goodwill arising on acquisition of subsidiaries	–	(5,985)
	<u>(88)</u>	<u>1,143</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2001 (Unaudited) <i>HK\$'000</i>	31 December 2000 (Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		212,775	229,646
Intangible assets		16,762	17,659
Interest in associates		10,422	8,022
Long term receivables		23,431	23,431
Long term investment		156,514	156,514
		419,904	435,272
CURRENT ASSETS			
Inventories		269,987	306,326
Trade receivables	7	37,162	37,537
Current portion of long term receivables		27,566	14,216
Prepayments, deposits and other receivables		84,796	46,534
Subsidiaries held for disposal		–	35,000
Cash and bank balances		12,464	56,825
		431,975	496,438
CURRENT LIABILITIES			
Trade payables	8	14,808	28,549
Accrued liabilities and other payables		29,348	33,296
Tax payable		1,899	4,372
Interest-bearing bank and other borrowings			
– due within one year	9	196,050	232,328
Current portion of finance lease payables		1,452	2,212
		243,557	300,757
NET CURRENT ASSETS		188,418	195,681
TOTAL ASSETS LESS CURRENT LIABILITIES		608,322	630,953
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	9	5,923	4,363
Finance lease payables		1,650	2,503
		7,573	6,866
		600,749	624,087
MINORITY INTERESTS		102,745	128,198
		498,004	495,889

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

		30 June 31 December	
		2001	2000
		(Unaudited)	(Audited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CAPITAL AND RESERVES			
Share capital	10	39,934	39,934
Reserves	11	458,070	455,955
		<u>498,004</u>	<u>495,889</u>

CONDENSED CASH FLOW STATEMENT

	Six months ended
	30 June
	2001
	(Unaudited)
	<i>HK\$'000</i>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(16,410)
Net cash outflow from returns on investments and servicing of finance	(15,139)
Overseas tax paid	(5,712)
Net cash inflow from investing activities	<u>47,424</u>
NET CASH INFLOW BEFORE FINANCING ACTIVITIES	10,163
Net cash outflow from financing activities	<u>(45,059)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(34,896)
Cash and cash equivalents at beginning of period	6,700
Effect of foreign exchange rate changes, net	<u>385</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>(27,811)</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	12,464
Bank overdrafts	(34,285)
Trust receipt loans	(5,990)
	<u><u>(27,811)</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" except that the comparative amounts for the condensed consolidated 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 of the Stock Exchange of Hong Kong. The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2000.

2. SEGMENT INFORMATION

The Group is principally engaged in the production and distribution of Shaoxing wines and ostrich leather and meat.

An analysis of the Group's turnover and contribution to profit from operating activities for the period by principal activities is as follows:

	Turnover		Contribution to profit from operating activities	
	Six months ended 30 June			
	2001	2000	2001	2000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By activity:				
Manufacture and sale of wines	70,827	73,968	17,353	25,950
Processing and distribution of ostrich leather and meat	45,249	31,244	8,503	7,960
	<u>116,076</u>	<u>105,212</u>	25,856	33,910
Unallocated other income			298	2,464
Unallocated expenses – net			(5,881)	(11,031)
Profit from operating activities			<u>20,273</u>	<u>25,343</u>
By geographic area:				
Hong Kong	3,950	6,003	(53)	(48)
Elsewhere in the People's Republic of China	68,371	72,505	15,987	24,249
Asia	4,593	2,018	475	321
North America	16,627	11,660	1,966	1,457
Europe	10,833	6,955	775	869
South Africa	11,702	6,071	6,706	7,062
	<u>116,076</u>	<u>105,212</u>	25,856	33,910
Unallocated other income			298	2,464
Unallocated expenses – net			(5,881)	(11,031)
Profit from operating activities			<u>20,273</u>	<u>25,343</u>

3. TURNOVER AND REVENUE

Turnover represents the aggregate of the invoiced value of goods sold, net of discounts and returns. An analysis of the Group's turnover and revenue is as follows:

	Six months ended 30 June 2001 (Unaudited) <i>HK\$'000</i>	2000 (Unaudited) <i>HK\$'000</i>
Turnover:		
Sales of wines	70,827	73,968
Sales of ostrich leather and meat	45,249	31,244
	<hr/> 116,076	<hr/> 105,212
Other revenue:		
Interest income	136	5,516
Management fee income	274	–
Rental income from leasing of properties, plant and equipment	186	156
Others	678	1,269
	<hr/> 1,274	<hr/> 6,941
Total revenue	<hr/> <hr/> 117,350	<hr/> <hr/> 112,153

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities was determined after charging:

	Six months ended 30 June 2001 (Unaudited) <i>HK\$'000</i>	2000 (Unaudited) <i>HK\$'000</i>
Auditors' remuneration	180	–
Amortisation of intangible assets	670	676
Depreciation	7,039	8,753
Staff costs:		
Wages and salaries	10,744	9,563
Retirement scheme contributions	50	41
	<hr/> 10,794	<hr/> 9,604

5. TAX

No Hong Kong profits tax has been provided as the Company, its subsidiaries and its associates either had no assessable profits arising in Hong Kong or have available tax losses brought forward from prior years to offset assessable profits arising in Hong Kong for the period (2000: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2001	2000
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision for the period:		
Company and subsidiaries		
Hong Kong	–	–
Elsewhere	3,323	4,965
	<hr/>	<hr/>
	3,323	4,965
Share of tax attributable to associates	–	–
	<hr/>	<hr/>
Tax charge for the period	<u>3,323</u>	<u>4,965</u>

6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2001	2000
	(Unaudited)	(Unaudited)
<u>Earnings:</u>		
Net profit from ordinary activities attributable to shareholders, used in the basic and diluted earnings per share calculations	<u>HK\$4,211,000</u>	<u>HK\$7,128,000</u>
<u>Shares:</u>		
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	3,993,409,113	3,102,018,322
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all share options outstanding during the period	<hr/> –	<hr/> 36,046,358
Weighted average number of ordinary shares used in diluted earnings per share calculation	<u>3,993,409,113</u>	<u>3,138,064,680</u>

Note: Diluted earnings per share for the current period has not been shown as the share option exercise price was higher than the average market price of the Company's ordinary share during the period. Accordingly, no shares were assumed to have been issued at nil consideration on deemed exercise of the share options outstanding during the period.

7. TRADE RECEIVABLES

Trading terms with customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well established customers, where the terms are extended to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are regularly reviewed by senior management. The analysis below shows aged trade receivables, net of provisions, based on the invoice date, which is when the goods are delivered and services are rendered.

	30 June 2001 (Unaudited) <i>HK\$'000</i>	31 December 2000 (Audited) <i>HK\$'000</i>
Current to 3 months	28,975	33,161
3 to 6 months	6,218	3,507
Over 6 months	1,969	869
	<u>37,162</u>	<u>37,537</u>

8. TRADE PAYABLES

The analysis below shows aged trade payables based on the date of the goods purchased and services rendered.

	30 June 2001 (Unaudited) <i>HK\$'000</i>	31 December 2000 (Audited) <i>HK\$'000</i>
Current to 3 months	12,739	27,978
3 to 6 months	1,145	426
Over 6 months	924	145
	<u>14,808</u>	<u>28,549</u>

9. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2001 (Unaudited) <i>HK\$'000</i>	31 December 2000 (Audited) <i>HK\$'000</i>
Bank overdrafts	34,285	44,203
Bank loans	159,030	185,521
Other loans	2,668	1,045
Trust receipt loans	5,990	5,922
	<u>201,973</u>	<u>236,691</u>

Interest-bearing bank and other loans are repayable as follows:

Within one year or on demand	196,050	232,328
In the second year	5,923	4,363
	<u>201,973</u>	<u>236,691</u>
Portion classified as current liabilities	(196,050)	(232,328)
	<u>5,923</u>	<u>4,363</u>

Certain of the Group's bank loans and overdrafts are secured by:

- (i) certain of the Group's properties, plant and equipment;
- (ii) certain of the Group's trade receivables; and
- (iii) a guarantee granted by a minority shareholder of a subsidiary.

10. SHARE CAPITAL

	30 June 2001 (Unaudited) <i>HK\$'000</i>	31 December 2000 (Audited) <i>HK\$'000</i>
Authorised:		
25,000,000,000 (2000: 25,000,000,000) ordinary shares of HK\$0.01 each	<u>250,000</u>	<u>250,000</u>
50 (2000: 50) convertible preference shares of HK\$1,000,000 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid:		
3,993,409,113 (2000: 3,993,409,113) ordinary shares of HK\$0.01 each	<u>39,934</u>	<u>39,934</u>

11. MOVEMENTS IN MAJOR RESERVES

Movements in major reserves of the Group during the period are as follows:

	Six months ended 30 June 2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
<u>Share premium</u>		
Increase in share premium arising from new issue of shares, net of issuing expenses	–	46,680
<u>Translation reserve</u>		
Released upon disposal of subsidiaries and associates	–	3,496
Released upon disposal of the substantial assets of a subsidiary	594	–
Exchange differences arising on translation of overseas subsidiaries and associates	(4,299)	–
Net increase/(decrease)	(3,705)	3,496
<u>PRC statutory reserves</u>		
Appropriations to reserve funds by PRC subsidiaries	664	931
<u>Goodwill/capital reserve</u>		
Goodwill arising on acquisition of subsidiaries	–	(5,985)
Released upon disposal of subsidiaries and associates	–	2,008
Released upon disposal of substantial business of a subsidiary	1,609	–
Net increase/(decrease)	1,609	(3,977)
<u>Contributed surplus</u>		
Released upon disposal of subsidiaries and associates	–	1,038
<u>Accumulated losses</u>		
Appropriations to reserve funds by PRC subsidiaries	(664)	(931)
Net profit for the period	4,211	7,128
Net decrease in accumulated losses	3,547	6,197

12. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at the balance sheet date. The Company had a contingent liability in respect of the guarantees of banking facilities granted to subsidiaries amounting to HK\$11,000,000 (2000: HK\$49,804,000).

13. CHANGES IN GROUP COMPOSITION

On 18 May 2001, Oryx Tanning Company (Proprietary) Limited ("Oryx"), a wholly owned subsidiary of the Group, entered into a shareholders' agreement with two third parties to set up a new entity, Paloverde Investments (Proprietary) Limited, which name was subsequently changed to Veloso Game (Proprietary) Limited ("Veloso"), with an aggregate issued share capital of Rand 5,100,000 (approximately HK\$5,100,000). Veloso was incorporated in South Africa with limited liability and is engaged in the ostrich abattoir business. Oryx now owns 44% of the issued share capital of Veloso and the other two shareholders own the remaining 56%. Accordingly, Veloso is accounted for as an associate of the Group for the year ending 31 December 2001.

On 18 May 2001, Oryx and Veloso entered into a sale of business agreement that Oryx agreed to sell and Veloso agreed to purchase the businesses of abattoir slaughter, meat processing, sales, distribution and marketing of ostrich meat and their related fixed assets (hereafter collectively referred as the "Abattoir Business") at a consideration of Rand 24 million (approximately HK\$24 million). Such acquisition was financed by additional shareholders' loans from the three shareholders of Veloso, including Oryx. Upon the disposal of Abattoir Business, the Group generated a gain of approximately HK\$6,105,000 which has been recognised in the income statement for the period ended 30 June 2001.

14. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the board of directors on 18 September 2001.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Fortuna recorded revenue growth in the 2001 interim period. For the six months ended 30 June 2001, the Group's turnover increased 10% to HK\$116 million from HK\$105 million in the previous corresponding period. Net profit for the period, however, dropped from HK\$7 million to HK\$4 million due to pressures on gross margin of the Group's main products.

During the first half of 2001, the Group worked on enhancing the performance of its original core businesses of the wine and ostrich businesses while hastening the commercial start of the technology and communications business of the Pan Asia Sat Media ("PASM"), a long term investment of the Group.

The wine business remained the major source of revenue for the Group. For the period under review, the wine and the ostrich businesses accounted for 61% and 39% of total turnover, while contributing 67% and 33% to gross profit, respectively.

The Wine Business

Sales volume of Shaoxing wine in the PRC was steady during the period supported by heavy promotional activities. Considering the huge potential market size and value of the Shanghai market, the Group will prioritize the exploitation of this market. Negotiations are underway for a representative agent with extensive networks in Shanghai to increase penetration as well as sales in this important market.

Since the association with Suntory, one of the biggest wine distributors in Japan, the wine export sales to Japan almost doubled. With vigorous product visibility push and improved packaging, its wine products have been well received by the market. Due to seasonal factors with the peak season towards the end of the year, the Group is expecting better demand in the second half of the year.

The Ostrich Business

During the period under review, the performance of the ostrich business was encouraging, as reflected by an improvement in contribution to turnover as compared to the previous corresponding period. Though the price of ostrich leather decreased due to increased supply, sales volumes on the other hand increased. The ostrich leather market in Asia has weakened while Europe and U.S. dominated as the major markets during the period.

The occurrence of livestock diseases in Europe propelled consumer acceptance of ostrich meat, resulting to growth in sales. As more and more Europeans are getting used to the taste ostrich meat, even after the diseases outbreak, there is no sign of sales price and volume dropping; rather the Group recorded a gradual increase in turnover.

In order to maximize return on its ostrich meat products, the Group's subsidiary, Oryx Tanning Company (Proprietary) Limited ("Oryx") entered into a joint venture with business partner who has long experience in the abattoir operation and vast distribution network in Europe and South America. The joint venture will manage the two abattoir plants and the export marketing. On the other hand, the Group's farming unit is in the process of adopting a streamlined operating model in order to further tighten cost control.

PASM

This year, PASM, through its local subsidiary, commenced the calling cards operation in Hong Kong. The calling cards afford Hong Kong consumers cheaper International Direct Dial call rates to Indonesia. Likewise, PASM has signed up with three major wholesale carriers in Hong Kong to relay bulk international calls to Indonesia. Also, PASM's ISP arm in Indonesia has commenced operation and has started to bring in some modest revenues. The Group believes that, by capitalizing on advanced Voice over IP technology, PASM's products and services will provide cheaper and competitive alternatives.

In spite of unfavorable global business and economic conditions, with its clearly-defined strategies, the Group is confident of continued growth and stability of its core businesses.

Financial Information

For the period under review, the Group's financial position has remained solid. As at 30 June 2001, the Group's gearing ratio strengthened to 0.41 from last year's 0.49. The current ratio is 1.77 times against the 1.7 times figure of last year.

DIRECTORS' INTEREST IN SHARES

At 30 June 2001, the interests of the directors in the listed securities of the Company as recorded in the register required to be kept pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

	Number of ordinary shares held		
	Personal interest	Corporate interest	Total
Kwee, Cahyadi Kumala	52,500,000	727,410,624 (Note)	779,910,624
Chan, Chuen Wing	52,500,000	–	52,500,000
Guan, Xian Liang	32,500,000	–	32,500,000
Dequina, Karen	5,000,000	–	5,000,000

Note: These shares were held by Prestbury Incorporated Ltd. which is beneficially owned by Mr. Kwee, Cahyadi Kumala.

As at the balance sheet date, the beneficial interests of the directors in the share capital of the associated corporation (within the meaning of the SDI Ordinance) of the Company, which had been notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Section 28 or Section 31 of the SDI Ordinance, or were required to be entered in the register maintained pursuant to Section 29 of the SDI Ordinance, were that Mr. Chan Chuen Wing held 70,968 shares in Perfect Period Limited, a subsidiary of the Company.

Save as disclosed above, none of the directors of the Company or their associates had any interest in the securities of the Company or any of its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Section 28 of the SDI Ordinance (including interests which they are deemed or taken to have under Section 31 and Part I of the Schedule to that Ordinance) or which are required, pursuant to Section 29 of the Ordinance, to be entered in the register referred to therein.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

The Company has a share option scheme under which the directors may grant options to employees, including directors, of the Group to subscribe up to 10% of the nominal amount of the issued share capital of the Company. No option was granted to the directors under this scheme during the period and outstanding as at date of this report.

Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangement to enable the directors and chief executives of the Company, their respective spouse, or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIVIDEND

The directors do not recommend the payment of interim dividend in respect of the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2001, the following interests of 10% or more in the share capital of the Company were recorded in the register kept by the Company under Section 16(1) of the SDI Ordinance:

Name	Number of ordinary shares held
Prestbury Incorporated Ltd. (<i>Note</i>)	727,410,624
Pan Asia Sat Media Ltd.	665,568,000

Note: The ultimate beneficial owner of Prestbury Incorporated Ltd. is Mr. Kwee, Cahyadi Kumala. Total number of shares held by Mr. Kwee, Cahyadi Kumala is 779,910,624, after adding those shares held under this name.

Save as disclosed above, the directors were not aware of any person who was, directly or indirectly, interested in 10% or more of the issued share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

PURCHASES, SALES AND REDEMPTIONS OF LISTED SECURITIES

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

CODE OF BEST PRACTICE AND CORPORATE GOVERNANCE

In the opinion of the directors, the Company complied 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 throughout the period, except that the independent non-executive directors were not appointed for specific terms.

In compliance with the additional requirement of the Stock Exchange of Hong Kong Limited in its Code of Best Practice, on 22 June 1999, the Company established an Audit Committee with written terms of reference comprising two non-executive directors. Two Audit Committee meetings were held prior to the date of this report.

ON BEHALF OF THE BOARD
Chan Chuen Wing
Managing Director

Hong Kong, 18 September 2001