

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company has a share option scheme, under which it may grant options to employees of the Group (including executive directors of the Company) to subscribe for shares in the Company. As at 30 September 2001, no option has been granted to the Company's directors under the share option scheme.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries or holding companies a party to any arrangements to enable any of the Company's directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2001, the following entities (not being a director or chief executive of the Company) had registered an interests in 10% or more of the issued share capital of the Company:

Name	Number of issued shares	Percentage holding
Good Day Holdings Limited	1,674,067,500 (<i>Note f</i>)	31.40%
S.W. Lam, Inc.	1,674,067,500 (<i>Note f</i>)	31.40%
Quality Prince Limited	1,674,067,500 (<i>Note f</i>)	31.40%
New Epoch Holdings International Limited	1,632,000,000	30.61%
Phenomenal Limited	688,432,500	12.91%

Note f: Quality Prince Limited is a wholly-owned subsidiary of S.W. Lam, Inc. As at 30 September 2001, Good Day Holdings Limited held 51.56% of the issued share capital of S.W. Lam, Inc. The 1,674,067,500 shares referred to above related to the same parcel of shares.

Save as disclosed above, the Company had no notice of any interests to be disclosed under Section 16(1) of the SDI Ordinance as at 30 September 2001.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2001.

AUDIT COMMITTEE

The 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 Group's unaudited interim results for the six months ended 30 September 2001.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited throughout the six months ended 30 September 2001, except that the independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Company's By-Laws.

By Order of the Board
Lam Sai Wing
Chairman

Hong Kong, 6 December 2001