



**NewOcean Green Energy
Holdings Limited**
新海環保能源集團有限公司*
(Incorporated in Bermuda with limited liability)

QUARTERLY REPORT

**FOR THE THREE MONTHS ENDED
31ST DECEMBER, 2001**

The Board of Directors (the “Board”) of NewOcean Green Energy Holdings Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31st December, 2001 together with comparative figures for the previous corresponding period are as follows:—

CONDENSED CONSOLIDATED INCOME STATEMENT

		3 months ended 31.12.2001 (Unaudited) HK\$'000	3 months ended 31.12.2000 (Unaudited) HK\$'000
	<i>Note</i>		
Turnover	2	80,862	12,830
Cost of sales		(64,397)	(16,539)
Gross profit/(loss)		16,465	(3,709)
Other income		750	999
Selling and distribution expenses		(958)	(609)
Administrative expenses		(7,500)	(9,618)
Loss on investment in securities		—	(403)
Profit/(loss) from operations	3	8,757	(13,340)
Finance costs		(592)	(2)
Profit/(loss) before taxation		8,165	(13,342)
Taxation	4	—	—
Profit/(loss) before minority interests		8,165	(13,342)
Minority interests		51	56
Net profit/(loss) for the period		8,216	(13,286)
Earnings/(loss) per share	5		
Basic and diluted		0.26 cents	(0.56) cents

CONDENSED CONSOLIDATED BALANCE SHEET

		31.12.2001 (Unaudited) <i>HK\$'000</i>	30.9.2001 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		70,398	66,375
Goodwill	6	31,712	28,902
		<u>102,110</u>	<u>95,277</u>
Current assets			
Inventories		9,034	9,316
Trade debtors	7	22,425	9,400
Other debtors, deposits and prepayments		12,995	6,769
Amounts due from related companies		—	187
Amount due from a minority shareholder of a subsidiary		357	357
Pledged bank deposits		906	1,090
Bank balances and cash		1,341	3,032
		<u>47,058</u>	<u>30,151</u>
Current liabilities			
Trade creditors	8	21,631	14,834
Other creditors and accrued charges		8,606	8,379
Amounts due to related companies		198	616
Bills payable		1,798	2,170
Borrowings		10,253	10,827
		<u>42,486</u>	<u>36,826</u>
Net current assets/(liabilities)		<u>4,572</u>	<u>(6,675)</u>
		<u>106,682</u>	<u>88,602</u>
Capital and reserves			
Share capital	9	297,634	267,594
Reserves	10	(219,387)	(227,519)
		<u>78,247</u>	<u>40,075</u>
Mandatory convertible notes		25,960	46,000
Minority interests		2,475	2,527
		<u>106,682</u>	<u>88,602</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 31.12.2001 (Unaudited) <i>HK\$'000</i>	3 months ended 31.12.2000 (Unaudited) <i>HK\$'000</i>
Net cash outflow from operating activities	(462)	(14,325)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(590)	260
Net cash inflow/(outflow) from investing activities	19	(1,899)
Net cash outflow before financing	(1,033)	(15,964)
Net cash inflow from financing	—	1,120
Decrease in cash and cash equivalents	(1,033)	(14,844)
Cash and cash equivalents at beginning of the period	1,205	18,966
Effect of foreign exchange rate changes	(84)	(111)
Cash and cash equivalents at end of the period	88	4,011
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	1,341	4,011
Borrowings repayable within three months from the date of advances	(1,253)	—
	88	4,011

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	3 months ended 31.12.2001 (Unaudited) HK\$'000	3 months ended 31.12.2000 (Unaudited) HK\$'000
Exchange differences arising from translation of financial statements of overseas subsidiaries not recognised in the income statement	(84)	1,746
Net profit/(loss) for the period	8,216	(13,286)
Total net recognised gains/(losses)	8,132	(11,540)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Principal Accounting Policies and Basis of Preparation

The quarterly financial statements have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

The accounting policies and methods of computation used in preparation of these unaudited condensed consolidated quarterly financial statements are consistent with those used in the annual financial statements for the year ended 30th September, 2001 except that the Group has adopted SSAP No. 26 "Segment Reporting" issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1st January, 2001.

In Note 2 to these condensed quarterly accounts, the Group has disclosed segment revenue, results, assets and liabilities as defined under SSAP 26. In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format. Comparative information has been given except the prior year's audited figures as the Group has adopted SSAP No. 26 for the first time.

2. Segmental Information

The Group is principally engaged in sale and distribution of liquefied petroleum gas and manufacturing and sale of electronic products. These businesses are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Business segments

Results

	Liquefied Petroleum Gas		Electronic Products		Consolidated	
	3 months ended		3 months ended		3 months ended	
	31.12.2001 (Unaudited) HK\$'000	31.12.2000 (Unaudited) HK\$'000	31.12.2001 (Unaudited) HK\$'000	31.12.2000 (Unaudited) HK\$'000	31.12.2001 (Unaudited) HK\$'000	31.12.2000 (Unaudited) HK\$'000
Segment revenues	<u>43,383</u>	<u>—</u>	<u>37,479</u>	<u>12,830</u>	<u>80,862</u>	<u>12,830</u>
Segment results	<u>8,620</u>	<u>(616)</u>	<u>815</u>	<u>(10,418)</u>	<u>9,435</u>	<u>(11,034)</u>
Loss on investment in securities					—	(403)
Unallocated costs					<u>(678)</u>	<u>(1,903)</u>
Profit/(loss) from operations					<u>8,757</u>	<u>(13,340)</u>

Other information

	Liquefied Petroleum Gas		Electronic Products		Consolidated	
	3 months ended		3 months ended		3 months ended	
	31.12.2001 (Unaudited) HK\$'000	31.12.2000 (Unaudited) HK\$'000	31.12.2001 (Unaudited) HK\$'000	31.12.2000 (Unaudited) HK\$'000	31.12.2001 (Unaudited) HK\$'000	31.12.2000 (Unaudited) HK\$'000
Additions to property, plant and equipment						
— segment	176	—	1,337	860	1,513	860
— unallocated					<u>14</u>	<u>70</u>
Total additions to property, plant and equipment					<u>1,527</u>	<u>930</u>
Depreciation						
— segment	25	—	1,492	2,976	1,517	2,976
— unallocated					<u>36</u>	<u>28</u>
Total depreciation					<u>1,553</u>	<u>3,004</u>
Amortization of goodwill	232	104	182	—	<u>414</u>	<u>104</u>

Balance sheet

	Liquefied Petroleum Gas	Electronic Products	Consolidated
	31.12.2001	31.12.2001	31.12.2001
	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Segment assets	46,837	101,168	148,005
Unallocated assets			1,163
Consolidated total assets			149,168
Segment liabilities	2,620	26,598	29,218
Unallocated liabilities			13,268
Consolidated total liabilities			42,486

Geographical segments

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

	Revenue	
	3 months ended	3 months ended
	31.12.2001	31.12.2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Mainland China	70,652	7,521
Europe	6,897	1,385
South East Asia and Australia	3,313	3,729
Hong Kong	—	195
	80,862	12,830

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and goodwill, by geographical area in which the assets are located:

	Carrying Amount of Segment Assets	Additions to Property, Plant and Equipment and Goodwill
	31.12.2001	31.12.2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Mainland China	102,630	1,513
Hong Kong	14,826	14
Goodwill	31,712	3,223
	149,168	4,750

3. Profit/(Loss) From Operations

Profit/(loss) from operations is stated after charging the following:

	3 months ended 31.12.2001 (Unaudited) <i>HK\$'000</i>	3 months ended 31.12.2000 (Unaudited) <i>HK\$'000</i>
Depreciation and amortization		
Owned assets	1,553	3,004
Goodwill	414	104
	<u>1,967</u>	<u>3,108</u>

4. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for the period.

5. Earnings/(Loss) Per Share

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	3 months ended 31.12.2001 (Unaudited) <i>HK\$'000</i>	3 months ended 31.12.2000 (Unaudited) <i>HK\$'000</i>
Profit/(loss) for the purposes of calculation of basic and diluted earnings/(loss) per share	<u>8,216</u>	<u>(13,286)</u>
Weighted average number of shares for the purposes of calculation of basic earnings/(loss) per share (<i>Note</i>)	3,169,632,525	<u>2,390,097,743</u>
Effect of dilutive potential shares: convertible notes	<u>50,000,000</u>	
Weighted average number of shares for the purposes of calculation of diluted earnings per share	<u>3,219,632,525</u>	

The exercise of the Company's options outstanding during the period would not result in any dilutive effect for both periods ended December 31.

Note: The Company's mandatory convertible notes in the amount of HK\$20,960,000 have been included in the calculation of the weighted average number of shares for the purposes of calculation of basic earnings per share.

6. Goodwill

During the period, a goodwill of HK\$3,223,000 arose on the acquisition of 100% of equity interest in Environmental Energy Investment Limited (“Environmental”) by Sound Green Energy Limited (“Sound Green”), a wholly-owned subsidiary of the Company and is amortized over 20 years, reflecting its expected useful life. During the corresponding period of the three months ended 31st December, 2000, a goodwill of HK\$50,065,000 arose.

7. Trade Debtors

The credit terms of the Group range from 0 to 90 days. The ageing analysis of trade debtors is as follows:

	31.12.2001 (Unaudited) <i>HK\$'000</i>	30.9.2001 (Audited) <i>HK\$'000</i>
0 - 30 days	4,178	3,824
31 - 60 days	10,322	1,922
61 - 90 days	1,032	1,162
91 - 120 days	3,128	92
More than 120 days	3,765	2,400
	<hr/> 22,425 <hr/>	<hr/> 9,400 <hr/>

8. Trade Creditors

The ageing analysis of trade creditors is as follows:

	31.12.2001 (Unaudited) <i>HK\$'000</i>	30.9.2001 (Audited) <i>HK\$'000</i>
0 - 30 days	3,385	5,066
31 - 60 days	5,956	4,205
61 - 90 days	4,711	1,698
91 - 120 days	2,272	474
More than 120 days	5,307	3,391
	<hr/> 21,631 <hr/>	<hr/> 14,834 <hr/>

9. Share Capital

Ordinary shares of par value of HK\$0.10 each

	<u>Number of shares</u>	31.12.2001 (Unaudited) <i>HK\$'000</i>
Authorised:		
At beginning and at end of the period	<u>20,000,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
At 30.9.2001	2,675,936,873	267,594
Issue of shares in consideration for the acquisition of a subsidiary	Note (a) 100,000,000	10,000
Issue of shares upon conversion of mandatory convertible notes	Note (b) 200,400,000	20,040
At 31.12.2001	<u>2,976,336,873</u>	<u>297,634</u>

Notes:

- (a) On 16th October, 2001, the Company issued new 100,000,000 ordinary shares at HK\$0.1 per share as the consideration for acquisition of 100% equity interest in Environmental by its wholly owned subsidiary Sound Green and HK\$10,000,000 was fully credited to the share capital account..
- (b) On 11th December, 2001, HK\$20,040,000 mandatory convertible notes were converted into shares and HK\$20,040,000 was credited to the share capital account.

10. Reserves (Unaudited)

	<u>Share Premium of the Company</u>	<u>Special Reserve</u>	<u>Asset Revaluation Reserve</u>	<u>Exchange Reserve</u>	<u>Deficit</u>	<u>Total</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 30.9.2001	461,757	122,085	1,331	1,436	(814,128)	(227,519)
Exchange differences arising from translation of financial statements of overseas subsidiaries	—	—	—	(84)	—	(84)
Profit for the period	—	—	—	—	8,216	8,216
At 31.12.2001	<u>461,757</u>	<u>122,085</u>	<u>1,331</u>	<u>1,352</u>	<u>(805,912)</u>	<u>(219,387)</u>

11. Acquisition of a Subsidiary

On 16th October, 2001, the Group acquired 100% of equity interest of Environmental with consideration of 100,000,000 shares of the Company issued at HK\$0.1.

	3 months ended 31.12.2001 (Unaudited) HK\$'000	3 months ended 31.12.2000 (Unaudited) HK\$'000
Fair value of net assets	6,777	2,796
Goodwill	3,223	50,065
Minority interests	—	(2,814)
	<u>10,000</u>	<u>50,047</u>
Total purchase consideration	<u>10,000</u>	<u>50,047</u>

There were no other significant changes in the composition of the Group during the period from 1st October to 31st December, 2001.

12. Related Party Transactions

During the period, the Group entered into the following significant transactions with related parties:

	3 months ended 31.12.2001 (Unaudited) HK\$'000	3 months ended 31.12.2000 (Unaudited) HK\$'000
Hunsworth Industrial Limited (“Hunsworth”) Rental expenses paid to	300	300

Shum Siu Hung and his spouse, Tong Shiu Ming, both directors of the Company, are directors and shareholders of Hunsworth.

Shum Siu Hung, director of the Company, has given a personal guarantee to secure loans of HK\$4,000,000 granted to the Group and outstanding at 31st December, 2001 (30th September, 2001: HK\$4,000,000).

13. Contingent Liabilities

At 31st December, 2001, the Company has given guarantees amounting to HK\$2,000,000 (30th September, 2001: HK\$2,000,000) to financial institutions in respect of general facilities granted to the Group. The facilities utilised by the Group at 31st December, 2001 amounted to HK\$1,253,000 (30th September, 2001: HK\$1,827,000).

14. Pledge of Assets

At 31st December, 2001, the Group pledged its bank deposits amounting to HK\$906,000 (30th September, 2001: HK\$1,090,000) to secure general banking facilities granted to a subsidiary of the Group.

15. Lease Commitments

At 31st December, 2001, the Group had outstanding commitments under a non-cancellable operating lease, in respect of rented premises, which fall due as follows:

	<u>The Group</u>		<u>The Company</u>	
	31.12.2001	30.9.2001	31.12.2001	30.9.2001
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	1,328	1,894	—	—
In the second to fifth years inclusive	557	836	—	—
Over five years	—	76	—	—
	<u>1,885</u>	<u>2,806</u>	<u>—</u>	<u>—</u>

16. Other Commitments

Capital expenditure contracted for but not provided in the financial statements in respect of:

	<u>The Group</u>		<u>The Company</u>	
	31.12.2001	30.9.2001	31.12.2001	30.9.2001
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment in subsidiaries	11,425	7,225	—	—
Investment in an associate	1,885	1,885	—	—
Purchase of machinery	244	523	—	—
	<u>13,554</u>	<u>9,633</u>	<u>—</u>	<u>—</u>

FIRST INTERIM DIVIDEND

The Board does not recommend the payment of first interim dividend for the three months ended 31st December, 2001.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, turnover was HK\$80,862,000, representing a growth of 6.3 times, as compared to HK\$12,830,000 in the previous corresponding period. Net profit for the period was HK\$8,216,000 (2000: loss of HK\$13,286,000) and earnings per share was 0.26 cents (2000: loss of 0.56 cents).

With the effort of the management team, the Group had achieved profitability during the period. The turnaround evidenced the successful adoption of the core business of sale and distribution of green energy. The acquisition of Daqing Longyou Green Energy Limited (“Daqing Longyou”) in late 2000 had laid down a solid foundation for the Group’s future development in the Liquefied Petroleum Gas (“LPG”) business. On this platform, the Group has successfully developed Daqing, Qiqihaer and Shenyang as the focal points of the end-user distribution networks for sale and distribution of domestic-use and vehicle-use LPG in the north-eastern region of China. Construction of part of the Group’s LPG filling stations for vehicles in Daqing and Qiqihaer have now been completed and are in operation. Through Daqing Longyou, the Group has successfully expanded its gas trading business to various markets in Beijing, Hubei, Jilin, Heilongjiang and the Liaoning province. Overall business performance is encouraging as the number of customers is increasing progressively.

To further increase the contribution of green energy business to the Group, the Group acquired the entire issued share capital of Environmental Energy Investment Limited in October 2001. The acquisition allows the Group to develop its LPG’s sale and distribution networks in Wuzhou and Guilin of Guangxi province. At present, the Group has established several retail outlets in Wuzhou and Guilin for the sale of domestic-use LPG to local consumers. Meanwhile, the Group has purchased equipment for LPG filling station and planned to build these stations in these two cities so as to tap the sale and distribution business of vehicle-use LPG. These stations are expected to operate by the end of this year.

With the above development, green energy business accounts for a more significant portion of the Group’s overall revenue. During the period, green energy business represented approximately 54% of the Group’s turnover and began to make increasing contribution to the Group. Overall, the Group’s LPG business in the north-eastern and Guangxi region has enjoyed stable growth and the market potential is enormous. The Directors believe LPG business will generate satisfactory return to the Group in the near future.

As for electronic business, the management has vigorously rationalized the Group's fixed assets, enhanced existing production capacity and introduced effective cost control measures. Last year, the Group has been actively developing new models of electronic and home appliances and have them launched to the market. The Group has also fully utilized the established "Huabao" brand to further explore the PRC's domestic retail market for electronic products and has generated favourable business growth. In mid-2001, the Group has set up "Sound Electronics (Shenzhen) Company Limited" in Shenzhen and utilized its self-owned factory at Huangtian, Shenzhen as the production and distribution base for the Group's audio products. Considering the lowered transportation costs and time costs in purchase of raw materials and the simplified import and export procedures in Shenzhen, the Group's overall working efficiency has been significantly promoted, which in turn, reduced the overall operating costs of the electronics business. Due to these favorable factors, the Group's electronics business has successfully turnaround in the period and is now on the growth track.

Looking forward, the Group will continue to strengthen its electronic business while actively explore further into the LPG sale and distribution business in the PRC with an intention to enlarge the latter's proportion amongst the Group's overall business mix. The Directors strongly believe, with the above re-engineering moves, the profitability of the Group is expected to be further improved in near future.

Liquidity and Financial Review

Turnover of the Group was HK\$80,862,000, being 6.3 times of corresponding period in prior year (2000: HK\$12,830,000). Green energy and electronic business share respectively 54% and 46% of the Group's overall business. During the period, net profit was HK\$8,216,000 (2000: loss of HK\$13,286,000). Earnings per share was 0.26 cents (2000: loss per share 0.56 cents). The growth in turnover and net profit has revealed that the Group has successfully established green energy business as one of its core business.

At the period end, current ratio was 1.1:1, quick ratio was 0.9:1. Bank balances and cash amounted to HK1,341,000. Gearing ratio was 28% which was calculated based on total liabilities of HK\$42,486,000 and total assets of HK\$149,168,000.

Human Resources

As at 31st December, 2001, the Group employed approximately 400 employees. The Group remunerated the employees based on their performance, experience and prevailing market practices.

DIRECTORS' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

(i) Shares

At 31st December, 2001, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) were as follows:

Name of director	Note	Number of shares			
		Personal interests	Corporate interests	Family interests	Other interests
Shum Siu Hung	1	—	1,103,544,000	—	—
Tong Shiu Ming	2	—	—	1,103,544,000	—
Cen Ziniu	1	—	—	—	11,035,440
Wu Hong Cho	1	—	—	—	55,177,200
Zhao Xinghuan		5,000,000	—	—	—
Cheng Wai Leung		120,000	—	—	—
Chan Yee Hoi		—	—	—	—
Cheung Kwan Hung, Anthony		—	—	—	—
Young Wing Chun, Michael Frederick		—	—	—	—

Notes:

- These shares refer to the 1,103,544,000 shares of the Company held by Uniocean Investments Limited (“Uniocean”). Uniocean is owned as to 48.11% by Shum Siu Hung, 45.89% by Shum Siu Mau (brother of Shum Siu Hung) through his interest in Perfect Pacific Limited, 5% by Wu Hong Cho and 1% by Cen Ziniu.
- These shares were deemed to be interested by Tong Shiu Ming, spouse of Shum Siu Hung, as family interests.

(ii) Options

At 31st December, 2001, the directors had personal interests in share options to subscribe for shares in the Company pursuant to the Company's share option scheme as follows:

Name of directors	Date of Grant (dd/mm/yy)	Outstanding at 01.10.2001	Lapsed during the period	Outstanding at 31.12.2001	Exercise price per share (HK\$)	Exercisable period (dd/mm/yy)
Shum Siu Hung	03.03.2000	35,000,000	—	35,000,000	0.180	04.09.2000-02.09.2005
Tong Shiu Ming	20.06.2001	35,000,000	—	35,000,000	0.100	21.12.2001-20.12.2006
Cen Ziniu	03.03.2000	30,000,000	—	30,000,000	0.180	04.09.2000-02.09.2005
Wu Hong Cho	03.03.2000	15,000,000	—	15,000,000	0.180	04.09.2000-02.09.2005
	20.06.2001	20,000,000	—	20,000,000	0.100	21.12.2001-20.12.2006
Zhao Xinghuan *	03.03.2000	30,000,000	—	30,000,000	0.180	04.09.2000-02.09.2005
Cheng Wai Leung	20.06.2000	3,000,000	—	3,000,000	0.112	21.12.2000 -20.12.2005
	20.06.2001	40,000,000	—	40,000,000	0.100	21.12.2001- 20.12.2006

* Mr. Zhao Xinghuan resigned as director of the Company with effect from 18th January 2002. His share options outstanding at 31.12.2001 lapsed upon the effective date of resignation.

Save as disclosed above and other than nominee shares in certain subsidiaries held by certain directors in trust for the Group, neither the directors nor the chief executives nor any of their respective associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and neither the directors nor the 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 had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above under the heading "Directors' Interests in Shares and Rights to Acquire Shares", the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10% or more in the issued share capital of the Company as at 31st December, 2001.

PURCHASE, SALE AND 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 three months ended 31st December, 2001.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the unaudited quarterly financial statements.

CORPORATE GOVERNANCE

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 three months ended 31st December, 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

Information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange (www.hkex.com.hk) in due course.

By order of the Board
Shum Siu Hung
Chairman

Hong Kong, 11th March, 2002