INTERIM REPORT 2002

Benefun

INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

The board of directors of Benefun International Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries and associates (collectively referred as the "Group") for the six months ended 31 December 2001 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2001 — UNAUDITED
(Expressed in Hong Kong dollars)

		Six months ended 31 December	
		2001	2000
	Note	***$'000***	*$'000*
Turnover	*3*	**68,163**	61,574
Cost of sales		**(48,960)**	(43,568)
		19,203	18,006
Other revenue		**2,084**	1,985
Distribution costs		**(20,284)**	(17,810)
Administrative expenses		**(10,713)**	(9,772)
Impairment loss on goodwill	*8*	**(10,798)**	—
Operating loss	*3*	**(20,508)**	(7,591)
Finance cost	*4*	**(1,093)**	(2,074)
Share of losses of associates		**(26)**	(146)
Loss from ordinary activities before taxation	*4*	**(21,627)**	(9,811)
Taxation	*5*	**(228)**	(166)
Loss attributable to shareholders		**(21,855)**	(9,977)
Loss per share	*7*		
Basic		**(2.73) cents**	(1.49) cents
Loss attributable to shareholders is analysed as follows:			
By the Company and its subsidiaries		**(21,829)**	(9,831)
By associates		**(26)**	(146)
		(21,855)	(9,977)

The notes on pages 5 to 12 form part of this interim financial report.

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE SIX MONTHS ENDED 31 DECEMBER 2001 — UNAUDITED

(Expressed in Hong Kong dollars)

		Six months ended 31 December	
		2001	2000
	Note	***$'000***	*$'000*
Exchange differences on translation of the accounts of subsidiaries outside Hong Kong	*14*	**21**	68
Net profit not recognised in the consolidated profit and loss account		**21**	68
Loss for the period		**(21,855)**	(9,977)
Total recognised gains and losses		**(21,834)**	(9,909)

The notes on pages 5 to 12 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2001 — UNAUDITED

(Expressed in Hong Kong dollars)

		At 31 December 2001		At 30 June 2001	
	Note	***$'000***	***$'000***	*$'000*	*$'000*
Non-current assets					
Fixed assets			**76,188**		75,480
Construction in progress			**7,282**		8,236
Interest in associates	*8*		**1,500**		2,452
			84,970		86,168
Current assets					
Properties held for sale	*9*	**—**		12,300	
Inventories	*10*	**26,002**		44,050	
Trade and other receivables	*11*	**21,962**		16,088	
Cash at bank and in hand		**13,417**		14,718	
		61,381		87,156	
Current liabilities					
Bank loans and overdrafts		**25,782**		35,980	
Trade and other payables	*12*	**44,591**		50,330	
		70,373		86,310	
Net current (liabilities)/assets			**(8,992)**		846
NET ASSETS			**75,978**		87,014
CAPITAL AND RESERVES					
Share capital	*13*		**80,193**		80,193
Reserves	*14*		**(4,215)**		6,821
			75,978		87,014

The notes on pages 5 to 12 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2001 — UNAUDITED
(Expressed in Hong Kong dollars)

	Six months ended 31 December	
	2001	2000
	$'000	*$'000*
Net cash inflow/(outflow) from operating activities	**3,613**	(769)
Net cash outflow from returns on investments and servicing of finance	**(1,078)**	(2,040)
Tax paid	**(29)**	(236)
Net cash inflow/(outflow) from investing activities	**6,391**	(8,498)
Net cash inflow/(outflow) before financing	**8,897**	(11,543)
Net cash outflow from financing	**(10,198)**	(6,465)
Decrease in cash and cash equivalents	**(1,301)**	(18,008)
Cash and cash equivalents at 1 July	**14,718**	23,787
Cash and cash equivalents at 31 December	**13,417**	5,779
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	**13,417**	5,779

The notes on pages 5 to 12 form part of this interim financial report.

Notes on the unaudited interim financial report

(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Society of Accountants ("HKSA"). KPMG's independent review report to the board of directors is included on page 13.

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the HKSA.

The financial information relating to the financial year ended 30 June 2001 included in the interim financial report does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 June 2001 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 5 October 2001.

The notes on the interim financial report include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 30 June 2001 annual financial statements.

The accounting policies used in the preparation of the interim financial report are consistent with those used in the annual financial statements for the year ended 30 June 2001 except for the changes in accounting policies as described in note 2.

2 CHANGE IN ACCOUNTING POLICIES

(a) SSAP 30 "Business combinations"

In prior year, positive or negative goodwill arising on acquisition of associates, representing the excess or deficit of the cost of acquisition over the group's share of the fair value of the identifiable assets and liabilities acquired, was taken directly to reserves in the year in which it arose. On disposal of an associate, the attributable amount of positive or negative goodwill is included in the calculation of the profit or loss on disposal.

In the current period, the Group has adopted SSAP 30 "Business combinations" and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, positive goodwill arising on acquisitions prior to 1 July 2001 continues to be held in reserves and will be charged to the consolidated profit and loss account at the time of disposal of the relevant associate, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1 July 2001 will be credited to the consolidated profit and loss account at the time of disposal of the relevant associate.

Positive goodwill arising on acquisitions on or after 1 July 2001 is capitalised and amortised to the consolidated profit and loss account on a straight line basis over its estimated useful life. The cost of positive goodwill less any accumulated amortisation and any impairment losses (see note 2(b)) is included in the carrying amount of the interest in associates.

For acquisitions on or after 1 July 2001, to the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated profit and loss account over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated profit and loss account.

In respect of any negative goodwill not yet recognised in the consolidated profit and loss account, such negative goodwill is included in the carrying amount of the interest in associates.

(b) SSAP 31 "Impairment of assets"

Under SSAP 31, internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— fixed assets (other than properties carried at revalued amounts);

— investments in subsidiaries and associates; and

— positive goodwill (whether taken initially to reserves or recognised as an asset).

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit and loss account in the year in which the reversals are recognised.

3 SEGMENTAL INFORMATION

The analysis of the principal activities and geographical location of the operations of the Company and its subsidiaries during the financial period are as follows:

Principal activities

	Group turnover Six months ended 31 December		**Contribution to operating loss Six months ended 31 December**	
	2001	2000	**2001**	2000
	$'000	*$'000*	***$'000***	*$'000*
Manufacturing, retailing and trading of apparel	**67,681**	60,805	**(4,850)**	(5,638)
Others	**482**	769	**(16,751)**	(4,027)
	68,163	61,574	**(21,601)**	(9,665)
Share of losses of associates			**(26)**	(146)
			(21,627)	(9,811)

Geographical location of operations

	Group turnover Six months ended 31 December		**Contribution to operating loss Six months ended 31 December**	
	2001	2000	**2001**	2000
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong	**482**	769	**(16,751)**	(4,027)
People's Republic of China ("PRC")	**67,681**	60,805	**(4,876)**	(5,784)
	68,163	61,574	**(21,627)**	(9,811)

4 LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION

Loss from ordinary activities before taxation is arrived at after charging:

	Six months ended 31 December	
	2001	2000
	$'000	*$'000*
Interest on borrowings	**1,093**	2,074
Depreciation	**5,422**	5,258

5 TAXATION

	Six months ended 31 December	
	2001	2000
	$'000	*$'000*
Taxation outside Hong Kong	**228**	166

No provision for Hong Kong profits tax has been made in the interim financial report for the period ended 31 December 2001 as the Group's Hong Kong operations sustained a loss for taxation purposes during the period.

Taxation for the Group's operations outside Hong Kong is provided at the applicable rates of taxation on the estimated assessable profits arising in the relevant jurisdiction during the period.

6 DIVIDENDS

No interim dividend has been declared in respect of the interim period ended 31 December 2001 (2000: $Nil).

7 LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the consolidated loss attributable to shareholders of $21,855,000 (2000: $9,977,000) and the 801,929,000 ordinary shares (2000: 668,329,000 ordinary shares) in issue during the period. Fully diluted figures are not shown as there is no potential dilutive effect for the interim period ended 31 December 2001.

8 INTEREST IN ASSOCIATES

Subsequent to 31 December 2001, the Group entered into an agreement to dispose of its entire interest in an associate, L.A. Resources Limited. Further details are set out in note 18(a). The goodwill on acquisition of this associate of $10,798,000 previously eliminated against reserves is determined to be impaired and has been charged to the consolidated profit and loss account in the current period.

9 PROPERTIES HELD FOR SALE

During the current period, the Group disposed of its properties held for sale for a total consideration of $12,300,000. As the carrying value of the properties was written down to the consideration of $12,300,000 as at 30 June 2001, no profit or loss is recorded in the consolidated profit and loss account in the current period.

10 INVENTORIES

Included in inventories are finished goods of $1,945,754 (30 June 2001: $3,126,000), stated net of a general provision made in order to state these inventories at the lower of their cost and estimated net realisable value. The amount of reversal of a write-down of inventories to estimated net realisable value, recognised in the consolidated profit and loss account as a reduction in the amount of inventories recognised as an expense during the period, is $12,251,025 (2000: $7,168,000).

11 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are debtors with the following ageing analysis:

	At 31 December 2001	At 30 June 2001
	$'000	*$'000*
Current	**4,501**	4,761
One to three months overdue	**1,662**	1,912
More than three months overdue but less than twelve months overdue	**1,897**	1,179
Over twelve months overdue	**5,321**	5,349
Total debtors before provision	**13,381**	13,201
Provision for doubtful debts	**(5,893)**	(5,865)
Total debtors	**7,488**	7,336
Deposits, prepayments and other receivables	**14,474**	8,752
	21,962	16,088

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

12 TRADE AND OTHER PAYABLES

Included in trade and other payables are creditors and bills payable with the following ageing analysis:

	At 31 December 2001 **$'000**	At 30 June 2001 $'000
Due within one month or on demand	**7,456**	8,255
Due after one month but within three months	**1,438**	3,061
Due after three months but within six months	**1,831**	2,596
Due after six months and above	**4,079**	5,721
Total creditors and bills payable	**14,804**	19,633
Other payables and accrued liabilities	**29,787**	30,697
	44,591	50,330

13 SHARE CAPITAL

	At 31 December 2001 **$'000**	At 30 June 2001 $'000
Authorised:		
1,000,000,000 ordinary shares of $0.10 each	**100,000**	100,000
Issued and fully paid:		
801,929,000 ordinary shares of $0.10 each	**80,193**	80,193

At 31 December 2001, the outstanding options are summarised as follows:

Date option granted	**Period during which options exercisable**	**Exercise price**	**Number of options outstanding at the year end**
31 January 2001	31 July 2001 to 30 June 2004	$0.16	11,200,000
23 February 2000	23 August 2000 to 22 August 2003	$0.4496	19,833,000

No share options have been exercised during the period.

14 RESERVES

	Share premium $'000	Legal reserve $'000	Exchange reserve $'000	Land and buildings revaluation reserve $'000	Accumulated losses $'000	Total $'000
At 1 July 2001	106,362	3,090	1,613	27,470	(131,714)	6,821
Transfer between reserves	—	—	—	(1,360)	1,360	—
Exchange differences	—	—	21	—	—	21
Impairment loss on goodwill	—	—	—	10,798	—	10,798
Loss for the period	—	—	—	—	(21,855)	(21,855)
At 31 December 2001	106,362	3,090	1,634	36,908	(152,209)	(4,215)

15 CAPITAL COMMITMENTS

Capital commitments in respect of plant and machinery and other fixed assets outstanding and not provided for in the interim financial report were as follows:

	At 31 December 2001 ***$'000***	At 30 June 2001 *$'000*
Contracted for	**1,422**	830

16 MATERIAL RELATED PARTY TRANSACTIONS

At 31 December 2001, the Group had bank loans totalling $2,559,000 (at 30 June 2001: $3,774,000) secured by the personal properties in PRC owned by a director of the Company.

17 OUTSTANDING LITIGATION

A previous landlord of a subsidiary, Benefashion Limited ("Benefashion") disputed the early termination of an operating lease on a commercial property and has obtained a judgement against Benefashion. The previous landlord claimed compensation for early termination of approximately $7 million. The Company has not provided any undertaking or guarantee in respect of this lease. Benefashion is insolvent and is considering commencing a voluntary liquidation. Accordingly, no provision for the compensation claimed has been included in the interim financial report.

18 SUBSEQUENT EVENTS AFTER 31 DECEMBER 2001

(a) Disposal of associate

Pursuant to a sale and purchase agreement dated 17 January 2002, 2,500,000 shares of L.A. Resources Limited, an associate, were disposed to an independent third party for a consideration of $1,537,000. In view of the disposal, the share of net assets of associate as at 31 December 2001 has been written down to $1,500,000. In accordance with the new SSAP 30, the goodwill on acquisition of the associate of $10,798,000, which was eliminated against reserves during the year ended 30 June 2001, has been charged to the consolidated profit and loss account during the current period as it is determined to be impaired.

(b) Reduction of share capital

On 9 October 2001, the Company made an announcement that it intended to put forward a proposal for the adjustment of the nominal value of the Company's shares from $0.1 to $0.01 by way of a reduction of capital ("Adjustment Proposal"). The Company also proposed that conditional upon such reduction in capital becoming effective, the authorised share capital of the Company would immediately be restored to the original amount of $100,000,000 by the creation of 9,000,000,000 new shares of nominal value of $0.01 each. The Adjustment Proposal and the restoration of the authorised share capital of the Company to $100,000,000 were approved by a special resolution passed by the shareholders at an extraordinary general meeting held on 20 December 2001 and confirmed by the sanction of an order of the Grand Court of the Cayman Islands dated 11 February 2002. The Adjustment Proposal became effective on 19 February 2002.

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF BENEFUN INTERNATIONAL HOLDINGS LIMITED

INTRODUCTION

We have been instructed by the company to review the interim financial report set out on pages 1 to 12.

DIRECTORS' RESPONSIBILITY

The Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31 December 2001.

KPMG
Certified Public Accountants
Hong Kong, 22 March 2002

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The turnover of the Group for the six months ended 31 December, 2001 was approximately HK$ 68.2 million, representing an increase of 10.7 percent as compared with HK$ 61.6 million for the corresponding period last year. The loss attributable to shareholders, excluding an impairment loss on goodwill relating to the disposal of an associate, was HK$ 10.8 million, representing an increase of 10.8 percent as compared with HK$ 10.0 million for the same period last year.

The Group was optimistic of the fashion market in China and had consistently focused on apparel retailing business in the country. We continued to enhance brand awareness and customer acceptability by selling quality and elegant casual wears at competitive prices. Gross margin percentage was maintained at comparatively low level and hence operating loss continued for the period. Nevertheless the Group had successfully positioned sharply its brand "Fun" in China and was prepared to improve performance through higher turnover and stronger demand for margin.

The Group managed to improve inventory position when stock turnover was reduced from 231 days in the last financial year, to 131 days in the current period. There were 120 "Fun" shops throughout China at the end of the period.

The manufacturing operation had been fully established and supported well the retail and wholesale businesses.

The Group had disposed its shares in an associated company, namely L.A. Resources Limited in January 2002, subsequent to market changes and its decision to concentrate resources to expand the "Fun" market in China. In accordance with the new SSAP 30, the goodwill on acquisition of the associate of HK$ 10.8 million, which was eliminated against reserves during the year ended 30 June, 2001, has been charged to the consolidated profit and loss account during the current period as it is determined to be impaired.

Prospects

Although the general economic situation in Asia remains uncertain, China continues to enjoy sound economic growth. Internal demand for consumer products in China is emerging and becoming strong. The Group is dedicated to manage growth in the apparel retailing and manufacturing business.

The Group will continue to spend effort and resources to sharpen its competitive edge. Brand image and market positioning will be further strengthened to enable higher sales and margins. Product design, product quality, shop presentation and customer services are highly regarded and invested by the Group as important ingredients for growth. The management will strive to improve operational efficiency in order to expand the market and reduce cost, and will endeavour to improve the Group's performance in the near future.

Financial Position

The Group maintained a stable net cash position during the period under review. Net cash inflow from operating activities was HK$3.6 million, compared with a net cash outflow of HK$0.7 million for the same period last year. Net cash balance at the period end was HK$13.4 million, compared with a balance of HK$5.8 million at the same period end last year.

The debt equity ratio as at 31 December, 2001 was reduced to 0.34, compared with 0.41 as at 30 June, 2001.

The Group's current ratio as at 31 December, 2001 was 0.87, compared with 1.01 as at 30 June, 2001. The Group's quick ratio was 0.5 as at 31 December, 2001, compared with 0.50 as at 30 June, 2001.

Employees

As at 31 December, 2001, the Group had 1,742 employees of which 1,735 were employed in the PRC for the Group's retailing and manufacturing business.

The Group offers competitive remuneration packages to its employees, and provides benefits such as staff insurance, retirement scheme, discretionary bonus and option scheme, and also provides both in-house and external training programs to strengthen the Group's human resources.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31 December 2001, the interests of the directors 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 Interest) Ordinance (the "SDI Ordinance") were as follows:

	Number of shares	
	Personal interest	**Corporate interest**
Tan Sim Chew	54,050,226	71,515,000*
Chen Miao Zhu	6,500,000	71,515,000*
Fu Zi Cong	574,000	—

* Tan Sim Chew and Chen Miao Zhu are beneficial shareholders of 60% and 40% respectively of the issued share capital of Crimson International Limited which owned 71,515,000 shares in the Company at 31 December 2001.

A share option scheme for employees was approved on 5 May 1997 ("Share Option Scheme") and the directors may, at their discretion, invite any employees or directors of the Group, to take up options to subscribe for shares of the Company at a price to be determined by the Board which will not be less than 80 per cent of the average closing prices of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the five trading days immediately preceding the date of offer of the option or the nominal value of the shares, whichever is the higher. To comply with the relevant new rules of the Stock Exchange, which came into effect from 1 September 2001, options will be granted in the future at a price determined by the Board which will be the higher of

(i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant; and

(ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.

The maximum number of shares in respect of which options may be granted (together with shares in respect of which any options remain outstanding) under the Share Option Scheme of the Company may not exceed 10 per cent of the issued share capital of the Company from time to time, excluding for this purpose shares issued on exercise of options granted pursuant to the Share Option Scheme.

No option may be granted to any one employee which, if exercised in full, would results in such employee becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued and remaining issuable to him or her under the Share Option Scheme, would exceed 25 per cent. of the aggregate number of Shares for the time being issued and are issuable under the Share Option Scheme. To comply with the said new listing rules of Stock Exchange, unless approved by shareholders in the manner set out in the listing rules, the total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue.

The exercisable period of an option should not exceed a period of three years commencing on the expiry of six months after the date of the option is accepted and expiring on the last day of such three year period.

The Share Option Scheme will remain in force for a period of 10 years commencing on 5th May, 1997.

The following persons, being the directors and a senior executive, had the following personal interests in options to subscribe for shares of the Company which were granted at nominal consideration. Each share option entitles the holder to subscribe for one share in the Company.

Directors	Number of options outstanding at 1 July 2001 and 31 December 2001	Date granted	Period during which options exercisable	Subscription price per share
Tan Sim Chew	6,611,000	23 February 2000	23 August 2000 to 23 August 2003	0.4496
	2,700,000	31 January 2001	31 July 2001 to 30 June 2004	0.16
Chen Miao Zhu	6,611,000	23 February 2000	23 August 2000 to 23 August 2003	0.4496
	2,700,000	31 January 2001	31 July 2001 to 30 June 2004	0.16
Lo King Fat, Lawrence	1,900,000	31 January 2001	31 July 2001 to 30 June 2004	0.16
Fu Zi Cong	6,611,000	23 February 2000	23 August 2000 to 23 August 2003	0.4496
	2,500,000	31 January 2001	31 July 2001 to 30 June 2004	0.16
Senior Executive				
Chan Yiu Kuen, Holfred	1,400,000	31 January 2001	31 July 2001 to 30 June 2004	0.16

During the period, no share options was granted, exercised, cancelled or lapsed.

Save as disclosed herein and for shares in subsidiaries held by directors in trust for their immediate holding companies, as at 31 December 2001, none of the directors or chief executive of the Company had any interest in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) as recorded in the register required to be kept under section 29 of the SDI Ordinance).

Apart from the foregoing, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2001, according to the register of interests kept by the Company under section 16(1) of the SDI Ordinance, the persons who were interested in 10% or more of the share capital of the Company are as follows:

	Number of shares
Tan Sim Chew *(note)*	125,565,226

Note: Tan Sim Chew is beneficial shareholder of 60% of the issued share capital of Crimson International Limited. Which owned 71,515,000 shares in the Company at 31 December 2001.

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 in compliance with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Listing Rules at any time during the six months ended 31 December 2001.

AUDIT COMMITTEE

To comply with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange, the Company set up an audit committee with written terms of reference, for the purpose of reviewing and providing supervision on the financial reporting process and internal control of the Group. The audited committee comprises two independent non-executive directors.

PURCHASE, SALES AND REDEMPTION OF THE COMPANY'S SHARES

During the period, neither the Company nor its subsidiaries repurchased, sold or redeemed any of the Company's shares during the period.

By Order of the Board
Tan Sim Chew
Chairman

Hong Kong, 22 March 2002