



QUALIPAK

INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)



INTERIM RESULTS

The Board of Directors (the “Directors”) of Qualipak International Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June, 2002 together with comparative figures for the corresponding period in 2001.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE, 2002

	NOTES	1.1.2002 to 30.6.2002 HK\$'000 (Unaudited)	1.1.2001 to 30.6.2001 HK\$'000 (Unaudited)
Turnover	2	100,149	118,523
Cost of sales		(73,773)	(82,126)
Gross profit		26,376	36,397
Other revenue		4,157	7,670
Distribution costs		(2,021)	(3,648)
Administrative expenses		(11,859)	(11,861)
Profit from operations		16,653	28,558
Interest on convertible note payable		(3,766)	(3,766)
Profit before taxation		12,887	24,792
Taxation	4	(1,095)	(1,934)
Net profit for the period		11,792	22,858
Earnings per share	6		
– Basic		0.55 cent	1.10 cents
– Diluted		0.38 cent	0.65 cent

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 JUNE, 2002

	<i>NOTES</i>	30.6.2002 HK\$'000 <i>(Unaudited)</i>	31.12.2001 <i>HK\$'000</i> <i>(Audited)</i>
Non-current assets			
Investment property	7	19,384	–
Property, plant and equipment	8	103,104	102,897
Interest in properties		6,875	6,960
Convertible note receivable		25,000	53,000
Club membership		331	393
		<hr/> 154,694	<hr/> 163,250
Current assets			
Inventories		44,734	38,650
Trade and other receivables	9	75,577	61,353
Convertible note receivable		28,000	–
Taxation recoverable		108	159
Short-term bank deposits		226,913	237,076
Bank balances and cash		3,609	2,534
		<hr/> 378,941	<hr/> 339,772
Current liabilities			
Trade and other payables	10	43,661	36,171
Convertible note payable		150,000	–
Taxation payable		57	33
		<hr/> 193,718	<hr/> 36,204
Net current assets			
		<hr/> 185,223	<hr/> 303,568
Total assets less current liabilities			
		<hr/> 339,917	<hr/> 466,818
Non-current liabilities			
Deferred taxation		541	541
Convertible note payable		–	150,000
		<hr/> 541	<hr/> 150,541
Net assets			
		<hr/> 339,376	<hr/> 316,277
Capital and reserves			
Share capital		23,770	20,971
Reserves		315,606	295,306
		<hr/> 339,376	<hr/> 316,277

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE, 2002

	Share capital HK\$'000	Share premium HK\$'000	Surplus account HK\$'000	Asset revaluation reserve HK\$'000	Accumu- lated profits HK\$'000	Dividend reserve HK\$'000	Total HK\$'000
At 1 January, 2001	20,708	48,684	90,554	1,000	129,199	10,379	300,524
Issue of shares resulting from exercise of the Company's warrants	81	445	-	-	-	-	526
Net profit for the period	-	-	-	-	22,858	-	22,858
Underprovision of dividend	-	-	-	-	(16)	16	-
Dividends paid	-	-	-	-	-	(10,395)	(10,395)
At 1 July, 2001	20,789	49,129	90,554	1,000	152,041	-	313,513
Issue of shares resulting from exercise of the Company's warrants	182	1,000	-	-	-	-	1,182
Net profit for the period	-	-	-	-	1,582	-	1,582
Declaration of 2001 final dividend	-	-	-	-	(6,295)	6,295	-
At 1 January, 2002	20,971	50,129	90,554	1,000	147,328	6,295	316,277
Issue of shares resulting from exercise of the Company's warrants	2,799	15,397	-	-	-	-	18,196
Net profit for the period	-	-	-	-	11,792	-	11,792
Underprovision of dividend	-	-	-	-	(594)	594	-
Dividends paid	-	-	-	-	-	(6,889)	(6,889)
At 30 June, 2002	<u>23,770</u>	<u>65,526</u>	<u>90,554</u>	<u>1,000</u>	<u>158,526</u>	<u>-</u>	<u>339,376</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE, 2002

	1.1.2002 to 30.6.2002 HK\$'000 (Unaudited)	1.1.2001 to 30.6.2001 HK\$'000 (Unaudited)
Net cash (outflow) inflow from operating activities	(1,445)	13,420
Net cash outflow from investing activities	(18,950)	(31,690)
Net cash inflow (outflow) from financing activities	11,307	(9,869)
Decrease in cash and cash equivalents	(9,088)	(28,139)
Cash and cash equivalents at beginning of the period	239,610	297,825
Cash and cash equivalents at end of the period	<u>230,522</u>	<u>269,686</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE, 2002

1. ACCOUNTING POLICIES

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

The interim financial report has been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA").

In the current period, the Company has adopted, for the first time, the following new and revised SSAPs issued by the HKSA:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 34	Employee benefits

Under SSAP 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest, dividends and taxation, which were previously presented under a separate heading, are classified as operating cash flows. The other new and revised SSAPs have introduced revised disclosure requirements which have been adopted in the condensed financial statements. The adoption of the above SSAPs has had no effect on the results for the current or prior accounting periods.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December, 2001.

2. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into two operating divisions - sales of goods and property rentals. These divisions are the basis on which the Group reports its primary segment information.

Income statement

	Turnover		Segment results	
	1.1.2002 to 30.6.2002 HK\$'000	1.1.2001 to 30.6.2001 HK\$'000	1.1.2002 to 30.6.2002 HK\$'000	1.1.2001 to 30.6.2001 HK\$'000
Sales of cases, bags and pouches, display units and stationery	100,149	118,493	13,344	21,812
Property rental	–	30	–	30
	<u>100,149</u>	<u>118,523</u>	<u>13,344</u>	<u>21,842</u>
Interest income			<u>3,309</u>	<u>6,716</u>
Profit from operations			<u>16,653</u>	<u>28,558</u>
Interest on convertible note payable			<u>(3,766)</u>	<u>(3,766)</u>
Profit before taxation			<u>12,887</u>	<u>24,792</u>
Taxation			<u>(1,095)</u>	<u>(1,934)</u>
Net profit for the period			<u>11,792</u>	<u>22,858</u>

Geographical segments

The Group's operations and assets are principally carried out and situated in the People's Republic of China (the "PRC"), including Hong Kong.

A geographical breakdown of the Group's turnover by geographical market is as follows:

	1.1.2002 to 30.6.2002 HK\$'000	1.1.2001 to 30.6.2001 HK\$'000
North and South America	44,849	31,016
Hong Kong	20,923	40,098
Europe	25,809	38,808
Others	8,568	8,601
	<u>100,149</u>	<u>118,523</u>

The ratio of contribution to profit before taxation to turnover for each individual geographical segment is substantially in line with the overall group ratio.

3. DEPRECIATION AND AMORTISATION

During the period, depreciation and amortisation of approximately HK\$2,640,000 (1.1.2001 to 30.6.2001: HK\$1,856,000) were charged in respect of the Group's property, plant and equipment and interest in properties.

4. TAXATION

The charge represents Hong Kong Profits Tax calculated at 16% of the estimated assessable profit for the period.

In the opinion of the Directors, profits of certain subsidiaries neither arise in, nor are derived from Hong Kong, and are not subject to taxation in any of the jurisdictions in which they operate. Accordingly, no provision for taxation has been made on profits of those subsidiaries.

Also, certain subsidiaries are in discussion with the Hong Kong Inland Revenue Department (the "IRD") regarding their prior year tax computations. The IRD is presently requesting further information and explanations from these subsidiaries. The Directors believe that the prior year tax computations of these subsidiaries were prepared on a proper basis.

Pursuant to the Deed of Indemnity dated 14 April, 1999 made between Chuang Hing Limited ("CHL"), China United Holdings Limited ("CUHL") and the Company as set out in the paragraph headed "Other Information" in Appendix 5 of the prospectus dated 15 April, 1999 issued by the Company, CHL and CUHL agreed with the Company and its subsidiaries (together the "Companies") that CHL and CUHL will jointly and severally indemnify each of the Companies against taxation falling on any of the Companies resulting from profits or gains earned or accrued on or before 27 April, 1999.

After taking into consideration of the above-mentioned matters, no provision for additional tax liabilities is considered necessary by the Directors.

5. DIVIDENDS

During the period, the final dividend of HK\$0.003 per share for 2001 was paid to the shareholders. The Directors do not recommend the payment of any interim dividend for the six months ended 30 June, 2002.

6. EARNINGS PER SHARE

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

	1.1.2002 to 30.6.2002 HK\$'000	1.1.2001 to 30.6.2001 HK\$'000
Net profit for the period	11,792	22,858
Effect of dilutive potential shares relating to interest saving on convertible note payable	<u>3,766</u>	<u>3,766</u>
Earnings for the purposes of diluted earnings per share	<u>15,558</u>	<u>26,624</u>
	Number of shares	
	30.6.2002	30.6.2001
Weighted average number of shares for the purposes of basic earnings per share	2,152,053,219	2,074,281,099
Effect of dilutive potential shares:		
Convertible note payable	1,698,267,202	1,844,527,224
Warrants	<u>196,163,185</u>	<u>163,645,985</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u>4,046,483,606</u>	<u>4,082,454,308</u>

7. INVESTMENT PROPERTY

During the period, the Group acquired an investment property at a purchase price of HK\$18,550,000.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$2,782,000 (1.1.2001 to 31.12.2001: HK\$17,318,000) on the acquisition of property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers.

Included in trade and other receivables are trade receivables of approximately HK\$31,500,000 (31.12.2001: HK\$20,065,000). The aged analysis of trade receivables at the balance sheet date is as follows:

	30.6.2002 HK\$'000	31.12.2001 HK\$'000
0 to 30 days	15,558	8,547
31 to 60 days	8,105	4,958
Over 60 days	<u>7,837</u>	<u>6,560</u>
	<u>31,500</u>	<u>20,065</u>

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK\$21,848,000 (31.12.2001: HK\$13,278,000). The aged analysis of trade payables at the balance sheet date is as follows:

	30.6.2002 HK\$'000	31.12.2001 <i>HK\$'000</i>
0 to 30 days	7,778	4,741
31 to 60 days	5,107	2,576
Over 60 days	8,963	5,961
	<u>21,848</u>	<u>13,278</u>

11. RELATED PARTY TRANSACTIONS

During the period, the Group paid interest on its convertible note payable of approximately HK\$3,766,000 (1.1.2001 to 30.6.2001: HK\$3,766,000) to Faircom Limited, which is a wholly owned subsidiary of Yugang International Limited, the ultimate holding company of the Company.

The above related party transactions were carried out at terms agreed by both parties and interest was charged at 5% per annum, accrued on a daily-basis and payable every six months in arrears.

12. PLEDGE OF ASSETS

At 30 June, 2002, the Group pledged its leasehold properties with an aggregate carrying value of approximately HK\$4,000,000 (31.12.2001: HK\$4,000,000) as securities for general banking facilities granted to the Group.

13. CAPITAL COMMITMENTS

	30.6.2002 HK\$'000	31.12.2001 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	<u>588</u>	<u>52</u>

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June, 2002 (2001: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Turnover for the period was HK\$100.1 million (30 June, 2001: HK\$118.5 million), a decrease of HK\$2.9 million from HK\$103 million in the second half of 2000/2001. The Group's net profit after tax attributable to shareholders was HK\$11.8 million (30 June, 2001: HK\$22.8 million). The result for the period represented an increase of 76.1% from HK\$6.7 million in the second half of 2000/2001 (before taking into account of non-recurring provision of HK\$5.1 million for costs related to relocation of the Group's production facilities to Zhongshan), and a return on shareholders' funds of 3.5% for the current six months period. Shareholders' funds at 30 June, 2002 was HK\$339 million (30 June, 2001: HK\$314 million). Earnings per share was HK\$0.55 cent (30 June, 2001: HK\$1.10 cents), an increase of 71.8% from HK\$0.32 cent for the second half of 2000/2001. Total operating costs remained below the level of the second half year of 2001 due to continuing controls over costs. Distribution costs decreased as a result of writing back an amount of HK\$1.5 million provision for doubtful debts which had been recovered during the period.

The packaging industry had a difficult period since the third quarter of 2001. The global economic downturn was already evident from weaker demands for packaging products in 2001. The tragic events of 11 September also had a severe effect on consumer demands. As a result, both sales revenue and volumes fell during the period until March, 2002. The Group responded to the economic downturn and intense competition by stringent cost control. Sales in the first quarter, being orders concluded after September, 2001, have little contributions to net margins. By April, there were signs that both the demand for packaging products and prices have begun to stabilise.

Relocation of the Group's facilities to Zhongshan was completed by the end of the first quarter. Operations during the transitional period were under control. Despite the transition, sales volume growth of 22.7% in the second quarter, comparable to the corresponding period last year, remained satisfactory.

Notwithstanding the economic downturn and the effect on packaging demands, the Group performed well overall.

Prospects

The year ahead will continue to be challenging for the Group. We expect the intense competition in the packaging industry to continue. Having gone through reorganization and streamlining, operations which were previously carried out under individual factory units have been merged in the Zhongshan facilities to achieve greater efficiency. This reorganisation will support and position the Company going forward in this difficult market.

The Group continues to consolidate its position as the leading supplier of packaging products, with new product releases to widen our customer base. With a focussed management and a strong balance sheet, the Group is best positioned to take advantage of any new challenges, and is confident that the Group's results will improve in the second half of the year.

The Directors are also actively looking for opportunities for expansion and diversification.

Liquidity and financial resources

The Group is financed entirely by share capital and internally operated funds and has no external borrowings. The cash reserves of the Group remain strong with cash and bank balances and fixed interest investments of HK\$283.5 million at 30 June, 2002. Fixed interest investments held by the Group are HK\$53 million in convertible notes of two listed companies in Hong Kong, which are generating a better rate of return on its surplus cash resources than that offered by bank deposits. Surplus funds were placed in majority in Hong Kong dollar time deposits with reputable banks.

Interest received from bank deposits and fixed interest investments during the period was HK\$3.3 million compared to HK\$4.4 million in the second half of the 2000/2001 financial year.

At 30 June, 2002, the Group had a convertible note of HK\$150,000,000 in issue. (30 June, 2001 – HK\$150,000,000) The note is unsecured, bears interest at 5% per annum, accrued on a daily basis, calculated on the principal amount and payable every six months in arrears. The gearing ratio of the convertible note payable, defined as convertible note payable to the total amount of shareholder's funds and convertible note payable at 30 June, 2002, was 30.6 percent. (30 June, 2001 - 32.4%)

Since both sales and purchase transactions of the Group were primarily denominated in United States Dollars and/or Hong Kong Dollars, the exposure to foreign exchange risk was minimal. The Group does not currently undertake any foreign exchange hedging activity.

Employees

At 30 June, 2002, the Group had approximately 4,800 employees, the majority of whom are employed in the PRC. The Group remunerates its employees based on their performance and experience in the context of prevailing industry practice.

The Company has adopted a share option scheme on 9 April, 1999. Upon amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") on 1 September, 2001, certain terms of the scheme need to be amended, or alternatively, a new share option scheme needs to be implemented, in order to comply with the requirements of the Listing Rules. According to the Listing Rules as amended, no more share is available for issue under the scheme. No option was granted by the Company during the period and no option was outstanding at 30 June, 2002.

Pledge of assets

At 30 June, 2002, the Group pledged its leasehold properties with an aggregate carrying value of approximately HK\$4,000,000 as security for general banking facilities granted to the Group.

Investments

The Group purchased during the period a property at Hong Kong Parkview at HK\$18.5 million for investment purposes. The cost of purchase was financed by internally generated funds.

Contingent liabilities

At 30 June, 2002, the Company executed guarantees amounting to HK\$20,000,000 to banks as securities for banking facilities granted to its subsidiaries. The banking facilities were not utilized at 30 June, 2002.

Use of proceeds

A convertible note of HK\$150,000,000 was issued to Faircom Limited on 22 June, 2000. The proceeds as to HK\$100,000,000 received for investment purposes have not been used during the period and is available for future investment.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June, 2002, the interests of the Directors and their associates in the share capital of the Company or any of its associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")) as recorded in the register maintained by the Company pursuant to section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules were as follows:

(a) Interests in the Company

Directors	Number of shares held		Convertible
	Personal interests	Corporate interests	note held Corporate interests HK\$
Dr. Lam How Mun Peter	110,000	—	—
Mr. Cheung Chung Kiu	—	1,189,896,360 (Notes 1 & 3)	150,000,000 (Note 4)
Mr. Leung Chun Cheong	7,410,000	—	—
Ms. Poon Ho Yee Agnes	1,040,000	—	—

(b) Interests in Yugang International Limited ("Yugang"), the Company's holding company

Directors	Number of shares held		Convertible
	Personal interests	Corporate interests	note held Corporate interests HK\$
Mr. Cheung Chung Kiu	53,320,000	3,194,434,684 (Notes 2 & 3)	100,000,000 (Note 5)
Mr. Lam Hiu Lo	38,600,000	—	—

(c) Interests in Y.T. Realty Group Limited, Yugang's associate

Director	Number of shares held Corporate interests
Mr. Cheung Chung Kiu	273,000,000 (Note 6)

Notes:

- These shares are owned by (i) Bookman Properties Limited ("Bookman") as to 126,288,000 shares, and (ii) Regulator Holdings Limited ("Regulator") as to 1,063,608,360 shares.
- These shares are owned by Chongqing Industrial Limited ("Chongqing").
- Chongqing is the beneficial controlling shareholder of both Bookman and Regulator. Mr. Cheung Chung Kiu, Peking Palace Limited, Miraculous Services Limited and Prize Winner Limited have a 35%, 30%, 5% and 30% equity interest in Chongqing respectively. Peking Palace Limited and Miraculous Services Limited are beneficially owned by Palin Discretionary Trust, a family discretionary trust, the objects of which include Mr. Cheung Chung Kiu and his family. Prize Winner Limited is beneficially owned by Mr. Cheung Chung Kiu and his associates.
- The note is held by Faircom Limited, a wholly-owned subsidiary of Yugang.
- The amount represents a convertible note of HK\$100,000,000 issued by Yugang with maturity date as of 31 July, 2004 to Timmex Investment Limited in which Mr. Cheung Chung Kiu has 100% beneficial interest. The convertible note can be converted into Yugang's shares at a conversion price of HK\$0.10 per share during the period from 31 July, 2001 to 31 July, 2002, HK\$0.11 per share for the period from 1 August, 2002 to 31 July, 2003 and HK\$0.12 per share for the period from 1 August, 2003 to 31 July, 2004, subject to adjustment.
- These shares are held by a wholly-owned subsidiary of Yugang.

Save as disclosed above, as at 30 June, 2002, the Company had no notice of any interests to be recorded under section 29 of the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Under a share option scheme of the Company's holding company, Yugang, options may be granted to Directors and employees of Yugang or its subsidiaries to subscribe for shares in Yugang. On 24 March, 2000, the following Directors of the Company were granted share options to subscribe for shares in Yugang at an exercise price of HK\$0.144 per share and exercisable from 24 September, 2000 to 18 October, 2003 as follows:

Directors	Number of share options as at 1.1.2002 and 30.6.2002
Mr. Cheung Chung Kiu	10,000,000
Mr. Lam Hiu Lo	10,000,000
Mr. Leung Wai Fai	10,000,000

Other than as disclosed above, at no time during the period was the Company, any of its subsidiaries or its holding company, 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 none of the Directors, or any of their associates, had any right to subscribe for the shares of the Company, or had exercised any such right during the period.

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

On 22 June, 2000, the Company issued a convertible note (the "Note") to Faircom Limited ("Faircom") with a principal amount of HK\$150 million. Details of the terms of the Note were set out in the circular to shareholders dated 26 May, 2000. During the period, interest for the Note of approximately HK\$3,766,000 was paid to Faircom and no conversion rights attaching to the Note have been exercised.

Faircom is a wholly-owned subsidiary of Yugang which is a substantial shareholder of the Company. By virtue of his interests in Yugang, Mr. Cheung Chung Kiu is deemed to be interested in the Note.

Saved as disclosed above, there were no transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules, and no contracts of significance subsisted at the end of the period or at any time during the period to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly.

SUBSTANTIAL SHAREHOLDERS

As at 30 June, 2002, the register of substantial shareholders maintained by the Company pursuant to section 16(1) of the SDI Ordinance showed that the following shareholders had interests representing 10% or more of the issued share capital of the Company:

Name of substantial shareholders	Number of shares held	Approximate percentage of issued shares	Notes
Regulator	1,063,608,360	44.75%	
Yugang International (B.V.I.) Limited ("Yugang-BVI")	1,189,896,360	50.06%	1
Yugang	1,189,896,360	50.06%	2
Chongqing	1,189,896,360	50.06%	3
Mr. Cheung Chung Kiu	1,189,896,360	50.06%	4

Notes:

1. Regulator is a direct wholly-owned subsidiary of Yugang-BVI. The interest also includes the interest of 126,288,000 shares representing 5.31% held by Bookman, an indirect wholly-owned subsidiary of Yugang-BVI. Yugang-BVI has a deemed interest in 1,189,896,360 shares by virtue of its interests in the shares of Regulator and Bookman.
2. These interests are duplicated with those of Yugang-BVI as disclosed herein. Yugang is taken to be interested in the said shares by virtue of its interests in the shares of Yugang-BVI.
3. These interests are duplicated with those of Yugang as disclosed herein. Chongqing is taken to be interested in the said shares by virtue of its interests in the shares of Yugang.
4. These interests are duplicated with those of Chongqing as disclosed herein. Mr. Cheung Chung Kiu is taken to be interested in the said shares by virtue of his interest in the shares of Chongqing.

Saved as disclosed above, the Company had not been notified of any other interests representing 10% or more of the Company's issued share capital as at 30 June, 2002.

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

During the six months ended 30 June, 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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 June, 2002.

The interim financial statements for the six months ended 30 June, 2002 have not been audited but have been reviewed by the Company's external auditors.

CORPORATE GOVERNANCE

The Directors are not aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June, 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

By Order of the Board
Lam How Mun Peter
Chairman and Managing Director

Hong Kong, 6 September, 2002