

REVIEW OF INTERIM REPORT BY THE AUDIT COMMITTEE

This interim report has been reviewed by Mr. Lao You An, appointed on 18th April 2002, as an independent non-executive director and the member of the Audit Committee of the Company and the accounting information for the period ended 30th September 2001 in the interim report has been audited by Moore Stephens, the Company's auditors, appointed on 29th August 2002.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

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 accounting period covered by the interim report, in compliance 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 except that non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at Annual General Meetings in accordance with Article 105 of the Company's Articles of Association. The Board is aware that an additional non-executive director should be appointed to the Board and an additional member should be appointed to the Audit Committee. The Company obtained the waiver from strict compliance with Rule 3.10 of the Listing Rule for a further two months from 18th June 2002. The Company is required to appoint an additional independent non-executive director on or before 18th August 2002. The Board is having difficulty in seeking suitable candidate to fill this vacancy in view of the problems facing the Group. The Board announced on 31st July 2002 regarding the delay in publication of final results and expected that the audited annual results for the financial years ended 31st March 2002 and to dispatch the Company's annual report on or before 31st October 2002.

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

During the six months ended 30th September 2001, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.