

SHARE OPTIONS

As at 30 June 2002, the particulars in relation to each share option of the Company or any of its subsidiaries that are required to be disclosed under Rules 17.07 and 17.08 of Chapter 17 of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

Employees working under "continuous contracts" other than the Directors

Outstanding options at the beginning of the period	–
No. of options granted during the period	2,400,000
Outstanding options at the end of the period	2,400,000
Date of grant	28.6.2002
Exercisable period	2.7.2002 – 1.7.2007
Exercise price	HK\$0.556

Details of share options granted to Directors were set out under the heading of "Directors' Interests" in Securities above.

No options were exercised, cancelled or lapsed during the six month period ended 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.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2002, the Group had approximately 60 full time managerial, administrative and production staff in Hong Kong and the PRC.

The Group recruits and promotes individuals based on their competencies, merit and development potential and remunerates its employees largely based on the prevailing industry practice with rent-free quarters being provided to most of its employees in the PRC. Remuneration packages are structured to reward and motivate individual performance and contribution to the Group. Review of remuneration policies are conducted on a regular basis.

AUDIT COMMITTEE

Upon completion of the General Offer, all the former directors resigned on 12 April 2002 and the audit committee which comprised the former directors was dismissed. Simultaneously, the current directors were appointed and a new audit committee (the "New Audit Committee") was established on 12 April 2002, comprising two independent non-executive directors of the Company. The New 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 unaudited interim financial statements for the six months ended 30 June 2002.

CODE OF BEST PRACTICE

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 time during the period for 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, except that the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-laws of the Company.

APPRECIATION

On behalf of the Directors, I would like to take this opportunity to express my sincere gratitude to our loyal staff for their contribution and their dedication and to our shareholders, customers, suppliers, bankers and business associates for their continuing supports.

By order of the Board

Mo Yuk Ping

Chairman

Hong Kong, 18 September 2002