

3. Refine the marketing system. The Company will follow the line of centralized management and unified marketing strategy. It will further build up its domestic and overseas marketing networks, take advantage on its complete set of cotton spinning machines to promote sales and the Company's product brandname, monitor the sales activities and services both before and after sales, with a view to increasing the market share of the Company. The staff responsible for foreign trade business will be re-aligned and efforts will be made to develop overseas markets and raise the proportion of exports and therefore greater amounts of foreign exchange income can be generated. At the same time, the Company will complete the establishment of the JWGF website and drive forward the e-commerce operations.
4. Proceed on business development by creating new profit centers. On the foundation of a successful core business, the Company will seek to diversify its business by carefully selecting a few high-tech projects with small amount of investment, quick recovery period, low risks and promising prospects. By making investments, acquiring share interests and joint development with external parties, the business structure of the Company will be further adjusted and new sources of profit growth are allowed to be cultivated.
5. Emphasise on human assets and increase staff loyalty. To enhance human resources management, attract high caliber staff, establish a healthy incentive and control system in order to allow the staff to take initiative and trigger creativity.

V. SIGNIFICANT EVENTS

1. The board of the Company has resolved not to recommend the payment of an interim dividend for the period ended 30th June 2001; common reserve will not be transferred into share capital.
2. Proposed allocation of profit, transfer of common reserve to share capital for the prior year and their implementation.

Based on the Company's net profit for the year 2000 of Rmb133,311,000 in accordance with the "Accounting Standards of Enterprises" and "Accounting Policies of Joint Stock Companies Limited with Limited Liability" (promulgated by the Ministry of Finance of the People's Republic of China) implemented prior to 2001, the Company made, on the basis of 603.8 million shares, a payment of final dividend of Rmb0.11 per share (amounting to HK\$0.103715), tax included, to all shareholders of the Company. After a drawdown of 10% for statutory common reserve of Rmb13,331,000 and 10% for statutory public welfare fund of Rmb13,331,000 from the above net profit pursuant to the Company's Articles, thus allowing a distributable profit of Rmb106,649,000 for the year, which, when adding the undistributed profit of Rmb127,120,000 at the beginning of the year, resulting in an aggregate amount of profits distributable to shareholders of Rmb233,769,000. The total payment of final dividend amounted to Rmb66,418,000 and the remaining undistributed profit of Rmb167,351,000 were carried forward to the next year.

By virtue of the implementation of the new "Accounting Policies of Enterprises", "Accounting Standards of Enterprises" and their supplemental provisions, the Company have made provisions for the impairment of value of certain fixed assets. The profit and loss for the year 2000 and shareholders' equity for prior years have been adjusted accordingly, and the accumulated decrease in undistributed profits amounted to Rmb39,538,000.

Such profit distribution was completed on 18th July 2001.

No transfer of common reserve to share capital was proposed for the year 2000.

No share allotment was recommended during the period.

3. The Company has no material litigation and arbitration during the period.
4. There were no acquisition and take-over and assets restructuring during the period.
5. For details of the significant related party transactions during the reporting period, please refer to note 3 to the Financial statements.
6. "The 3 Separations" in respect of personnel, assets and financial affairs, being personnel independence, assets integrity and financial independence, is fully implemented in the Company and its controlling shareholder.
 - 1) As to personnel: the Company exercises absolute independence in respect of labour, human resources and payroll management; such as the senior management general managers and deputy general managers who receive their salaries from the listed company have not taken up any significant office in other companies controlled by the controlling shareholder.
 - 2) As to assets: the Company has its own production systems, auxiliary production systems and matching facilities, as well as independent sale and purchase system.
 - 3) As to financial affairs: the Company has established an independent finance department and also an independent accounting and auditing system and financial management system; and it has maintained separate accounts with banks.
7. During the period, there was no entrustment, contracting and lease of assets of other companies by the Company or vice versa.



8. Accounting firms engaged by the Company in 2001:
Mainland : PricewaterhouseCoopers Zhong Tian, PRC Certified Public Accountants
Hong Kong: PricewaterhouseCoopers , Hong Kong Certified Public Accountants
9. Purchase, sale or redemption of shares
The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's issued shares during the period.
10. The Company has not entered into other material contracts and no execution was made in respect thereof.
11. No guarantee was given by the Company to external parties during the period.
12. The Company has not changed its name during the period.
13. The Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules of the Stock Exchange of Hong Kong Limited during the reporting period.
14. Other significant events during the reporting period.
Resolution amending the Company's constitution was passed at the 2000 general meeting convened on 9th June 2001, pursuant to which the content of Article 15 of the constitution which reads "The scope of operations of the Company includes: ... development and sales of computer softwares; sale of the Company's products domestically and externally; engaging in import and export trade; technological and economic information enquiry services related to the Company's products." was amended as "The scope of operations of the Company includes: ... development and sales of computer softwares; sale of the Company's products domestically and externally; engaging in import and export trade; technological and economic information enquiry services related to the Company's product; also involving in the operation of aluminium, wood, metal and chemical products, non-ferrous metals, daily necessities, household electrical appliances, decorations, conferences, leasing activities and sales and purchase agency etc."
15. Audit Committee
The Audit Committee has, together with the Management, reviewed the accounting principles, accounting standards and methods adopted by the Company, and have discussed about the issues regarding internal control and financial reporting, including the review of the unaudited interim accounts for the six months ended 30th June 2001.
16. Text of the Interim Report
The Interim Report is prepared in both Chinese and English. If there are any differences between the two versions, the Chinese version shall prevail.