

AUDIT COMMITTEE

In March 2001, Mr. Cheung Ming Man, an independent non-executive director of the Company at that time, was appointed as executive director of the Company and in turn resigned as the member of the Audit Committee. Mr. Ko Ming Tung, Edward was appointed as independent non-executive director and member of the Audit Committee of the Company on the same date.

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including a review of the interim financial statements.

COMPLIANCE OF CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited throughout the accounting period covered by this report.

PURCHASE, SALE OR REDEMPTION OF SHARES OR WARRANTS

The Company has not redeemed any of its shares or warrants during the six months ended 30th June 2001. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares or warrants during the period.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to our shareholders for their support and to our staff for their contributions and diligence during the year.

On Behalf of the Board
Tong Nai Kan
Chairman and Managing Director

Hong Kong, 5th September, 2001