

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2001, the Directors' interests in the securities of the Company or its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) recorded in the register required to be kept under section 29 to the SDI Ordinance were as follows:

Interests in issued shares in the Company

Name of Director	Notes	Nature of interests			Total number of Shares	% of issued Shares
		Personal	Family and Trust	Corporate		
Executive Director						
Mr. Bernard Pouliot	1	2,729,757	–	527,130,963	529,860,720	16.8%
Mr. Kenneth Lam Kin Hing	3	15,204,835	–	27,127,632	42,332,467	1.3%
Mr. Chin Man	2	–	156,241,543	–	156,241,543	4.9%
Non-executive Director						
Mr. William Chow Wai Lap		1,000,000	–	–	1,000,000	0.03%
Independent Non-executive Director						
Mr. Chi Chung Li		33,333	–	–	33,333	0.001%

Notes:

1. The corporate interests are held by Porto Global Limited, a company beneficially owned by Mr. Bernard Pouliot, and Newer Challenge Holdings Limited, the controlling shareholder of the Company which is also wholly beneficially owned by Mr. Bernard Pouliot.
2. Shares are held by Ms. Grace Sardjono, wife of Mr. Chin Man.
3. The corporate interests are held by Olympia Asian Limited, a company beneficially owned by Mr. Kenneth Lam Kin Hing.

Save as disclosed above, as at 30 September 2001, none of the Directors or their respective associates had any interests in the securities of the Company or any of its associated corporations.

Interested in share options in the Company

Pursuant to a share option scheme adopted by the Company whereby the Directors, at their discretion, were authorised to invite employees or directors of the Group, to take up options to subscribe for shares not exceeding 10% of the issued share capital of the Company. The options are exercisable for a period of up to ten years following the date of grant.

As at 30 September 2001, the following Directors has personal interests in options granted under the share option scheme to subscribe for shares in the Company:

Name of Director	Number of share options of the Company held	Option exercise price (HK\$)	Option Period
Mr. Bernard Pouliot	10,000,000	0.22	31 May 2000 – 3 September 2007
	15,000,000	0.11	1 August 2000 – 3 September 2007
	5,000,000	0.038	9 September 2001 – 8 September 2011
Mr. Chin Man	15,700,000	0.038	5 September 2001 – 4 September 2011
Mr. William Chow Wai Lap	10,000,000	0.11	1 August 2000 – 3 September 2007
Mr. Tai Him Yip	5,000,000	0.22	31 May 2000 – 3 September 2007
	5,000,000	0.038	5 September 2001 – 4 September 2011

Save as disclosed above, at no time during the six months ended 30 September 2001 was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under eighteen years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDER

As at 30 September 2001, the following interest in 10% or more in the issued share capital of the Company was notified to the Company and recorded in the register required to be kept under section 16(1) of the SDI Ordinance:

Name of shareholder	No. of shares beneficially held	% of total issued shares
Newer Challenge Holdings Limited (<i>Note</i>)	500,003,331	15.8

Note: Newer Challenge Holdings Limited (“Newer Challenge”) is wholly-owned by Mr. Bernard Pouliot, Chairman of the Company.

EMPLOYMENT AND REMUNERATION POLICIES

During the period under review, the Group had an average available workforce of approximately 380 of which approximately 330 were based in the People’s Republic of China.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed and bonuses paid on an annual basis based on performance appraisals and other relevant factors. Staff benefit plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

BOARD OF DIRECTORS

*	Mr. Bernard Pouliot	<i>Chairman</i>
*	Mr. Kenneth Lam Kin Hing	<i>Deputy Chairman</i>
*	Mr. Chin Man	<i>Deputy Chairman</i>
*	Mr. Tai Him Yip	
**	Mr. William Chow Wai Lap	
***	Mr. Chi Chung Li	
***	Mr. Steven Kwan Ying Wai	
***	Mr. William Chao Hang Man	

* *Executive Directors*

** *Non-executive Directors*

*** *Independent Non-executive Directors*

PURCHASE, REDEMPTION OR SALE OF SHARES

During the period from 1 April 2001 to 30 September 2001, the Company repurchased on The Stock Exchange of Hong Kong Limited a total of 27,772,000 shares of HK\$0.01 each of the Company at an aggregate consideration HK\$(1,252,748). All of these shares were cancelled subsequent to the repurchases. Details of the shares repurchased during the period are set out below:

Month of repurchase	Number of shares	Price per share		Aggregate consideration
		Highest	Lowest	
2001				
April	12,772,000	0.049	0.034	571,508
May	8,000,000	0.050	0.045	390,000
July	5,000,000	0.050	0.046	241,240
September	2,000,000	0.025	0.025	50,000

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim condensed accounts.

CODE OF BEST PRACTICE

None of the directors is 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 September, 2001, in compliance with the Code of Best Practice set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that independent non-executive directors of the Company were not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's articles of association.

By order of the Board
Bernard Pouliot
Chairman

Hong Kong, 21 December 2001

* *for identification purposes only*