

AUDIT COMMITTEE

Upon the completion of the Group Restructuring on 21 August 2002, the Former Directors resigned and the Current Directors were appointed, the audit committee which comprised the former independent non-executive directors was dismissed on 5 November 2001. The new audit committee (the "New Audit Committee") was established on 21 August 2002 in accordance with Paragraph 14 of the Code of Best Practice as set out in Appendix 14 to the Listing Rules, comprising the two current independent non-executive directors of the Company, to review with the management the accounting principles and practices adopted by the Group and to discuss financial and accounting matters.

The New Audit Committee had reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2001. However, since the current independent non-executive directors of the Company were appointed on 21 August 2002 and no sufficient and complete records were received from the Provisional Liquidators and the Former Directors, they are unable to satisfy themselves whether the financial information of the Group contained in this report is complete and accurate.

CODE OF BEST PRACTICE

In light of the fact that the interim results is released more than three months after the period end date and other matters, the Current Directors are unable to conclude whether the Company had complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2001. However, the Current Directors will ensure full compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules in the future.

On behalf of the Board

Li Wing Bun

Chairman and Managing Director

Hong Kong, 15 October 2002