

The Directors expects the overall economy of Hong Kong will remain sluggish second half this year and advise the overall performance of the Group is still subject to the mercy of the severe economic downturn and the Group's corporate restructure. As the government is taking every measure to revive the economy, the Directors believe that the Company will return to positive economic cycle soon. The Directors also believe that the Group's performance will get ready to bring shareholders long term benefits.

DIRECTORS INTEREST IN SHARES

At 30th September, 2002, the interest of a director and his associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") of the Company was as follows:-

Name of director	Number of shares held			Others
	Personal	Family	Corporate	
Zhang Hongwei	–	–	481,691,250 (Note)	–

Note: The shares were beneficially owned by He Fu International Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Zhang Hongwei.

Save as disclosed above and other than certain nominee shares in the subsidiaries held in trust for the Group by an employee, none of the directors, the chief executives or their associates had any personal interest, family interests, corporate interests or other interests in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance as at 30th September, 2002.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholders of the Company had an interest of 10 per cent or more of the issued share capital of the Company:

	Number of shares	
He Fu International Limited	481,691,250*	50.18%

* These shares are held by He Fu International Limited, and have been disclosed as the corporate interests of Mr. Zhang Hongwei in the section headed "DIRECTORS INTEREST IN SHARES".

Save as disclosed above, the Company has not been notified of any other interests representing 10 per cent or more of the Company's issued share capital as at 30th September, 2002.

PURCHASE SALE AND REDEMPTION OF SALES

During the six months ended 30th September, 2002 the Company and its subsidiaries have not purchased, sold or redeemed any listed securities of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim accounts for the six months ended 30th September, 2002.

CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate the Company is not, or was not for any part of the six months ended 30th September, 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

By order of the Board
Zhang Hongwei
Chairman and Managing Director

Hong Kong, 18th December, 2002