Dear Shareholders,

The Board of Directors (the "Board") of Wing Shan International Limited (the "Company") (together with its subsidiaries known as the "Group") is pleased to report the unaudited consolidated interim results of the Group for the six months ended 30 June 2001.

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Review

The Group's turnover decreased by 13.9% to HK$312.0 million (2000: HK$362.4 million), inclusive of the receipt of additional fuel cost surcharge of an amount of approximately HK$9.1 million (2000: HK$18.1 million) for the period. The Group's cost of sales decreased by 16.2% to HK$271.0 million (2000: HK$323.4 million), mainly attributable to the decreased fuel oil cost. The Group's gross profit increased by 5.3% to HK$41.0 million (2000: HK$38.9 million) while gross profit margin also improved from 10.7% to 13.1%. Despite a 5.8% increase in administrative expenses to HK$6.8 million (2000: HK$6.4 million), the Group recorded a profit from operations of HK$20.1 million (2000: HK$19.0 million). As finance cost decreased by 31.5% to HK$24.5 million (2000: HK$35.7 million), the Group's loss attributable to shareholders narrowed to HK$10.0 million (2000: HK$17.4 million), equivalent to a loss per share for the period of 1.2 cents (2000: 2.1 cents).

Financial Review

Liquidity and Financial Resources

The Group continued to fund its operations principally by its internal cash flow generated from its operating activities. Compared with its last balance sheet dated 31 December 2000, the Group's short-term liquidity tightened further. The Group recorded net working capital deficit of HK$15.5 million (31 December 2000: HK$3.9 million). The Group's total current assets were HK$266.5 million (31 December 2000: HK$239.5 million), primarily consisted of bank and cash balance of HK$95.6 million (31 December 2000: HK$151.3 million) and trade and other receivables of HK$160.8 million (31 December 2000: HK$81.3 million). Total current liabilities were HK$282.0 million (31 December 2000: HK$243.5 million), primarily consisted of current portions of long-term Renminbi loans of HK$119.9 million (31 December 2000: HK$106.1 million) and trade and other payables of an aggregate amount of HK$131.8 million (31 December 2000: HK$115.2 million). Current ratio deteriorated from 0.98 to 0.95. In order to improve its cash-flow position, 佛山市沙口發電廠有限公司(Foshan Shakou Power Plant Co. Ltd.) ("Shakou JV") negotiated with its PRC joint-venture partner and its associate and has obtained their agreements to reduce the loan interest rates for the unsecured Renminbi long-term loans from 10.08% to 8.08% per annum for the period. Cash expenditure on tangible fixed assets for the period was HK$3.0 million. As at 30 June 2001, there was no authorization and commitment for significant capital expenditures.

Capital Structure and Gearing Ratio

As at 30 June 2001, the Group had no outstanding bank borrowings or committed bank credit facilities. The Group continued to finance its non-current assets principally by a mix of long-term debts and shareholders' equity. Total long-term debts amounted to HK$468.0 million (31 December 2000: HK$519.2 million), being the aggregate outstanding balance of certain unsecured Renminbi loans due to Shakou JV's PRC joint-venture partner and its associate. No part of the Group's assets was charged to banks, financial institutions or other enterprises. Gearing ratio, being total outstanding long-term debts as a percentage of shareholders' fund, improved from 44.3% to 42.4%. The Group's net assets decreased by 0.7% to HK$1.43 billion (31 December 2000: HK$1.44 billion), mainly due to the loss attributable to shareholders for the period. Goodwill arising from acquisition of subsidiaries was HK$689.0 million (31 December 2000: HK$704.8 million).

Operation Review

Electric Power Market and Electricity Sales

Foshan City experienced sustained electricity demand growth principally due to the economic growth and electric power industry reform of Guangdong Province. As electricity demand increases mainly concentrated on the peak load periods during which Shakou JV's power generating facilities have already been operated at almost full capacity, the electricity demand growth has only limited beneficial effect to Shakou JV. In addition, high fuel oil prices continued to discourage Shakou JV to pursue an aggressive production strategy. Shakou JV's electricity sales for the period decreased by 12.0% to 630.0 million kilowatt-hours ("kwh") (2000: 715.9 million kwh). Of the total electricity sales, approximately 26.1 million kwh (2000: 121.8 million kwh) were purchased from other local power plant in Foshan City while approximately 603.9 million kwh (2000: 594.1 million kwh) was Shakou JV's self-generation. Shakou JV's average power plant utilization rate was approximately 46% (2000: 45%).

Fuel Oil Prices

Compared with last corresponding period, heavy oil prices have gradually stabilized at lower levels. The weighted average cost of heavy oil consumed by Shakou JV for the period decreased by 4.9% to approximately Rmb1,682 per tonne (2000: Rmb1,768). This was mainly attributable to the softening of international oil market prices and the reduced cost of Shakou JV's bulk-purchases of fuel. Although additional fuel oil cost surcharge received from the local power bureau was reduced from HK$18.1 million to HK$9.1 million, Shakou JV's gross profit margin improved.

Outlooks

Looking into the second half of the year, international oil prices are expected to be volatile and uncertain. Shakou JV will continue to monitor closely the movement of fuel oil prices and endeavour its best effort to minimize the adverse effect on the Group's overall business results and financial position. At the same time, Shakou JV will continue to implement its planned service and maintenance programs to ensure the availability of optimal capacity at peak load demand periods. In this regard, Shakou JV is expected to enter into agreement with its equipment supplier for the purchase of the required materials in respect of a large-scale overhaul for its power generating facilities scheduled in 2003. In order to enhance its output capacity and improve its fuel consumption efficiency, Shakou JV is close to complete its feasibility study and is discussing with its equipment supplier in respect of making technological improvements to its power generating facilities.

Other Information

Save as disclosed in this report, the Group's current information in respect of employees, remuneration policies, exchange risk and contingent liabilities has not changed materially from the information disclosed in the Company's most recent published annual report.

INTERIM DIVIDEND

In light of the increased working capital requirement due to the prevailing high fuel prices and the Group's net loss for the period, the Board does not recommend an interim dividend (2000: Nil).

DIRECTORS' INTERESTS

As at 30 June 2001, the interests of each director and chief executive of the Company in the issued capital of the Company or its associated corporations as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), were as follows:

(a) Interests in the Company's ordinary shares

	Number of Ordinary Shares Held	
Name of Directors	**Personal Interests**	**Total Interests**
YIP Siu Chun *(Note 1)*	290,196,037	290,196,037
CHAN Che Kan, Edward	205,034	205,034
MOK Kit Fong	150,000	150,000
HE Haochang *(Note 2)*	6,117,079	6,117,079

Note: (1) *Madam YIP Siu Chun resigned as an executive director, Chairman and Managing Director of the Company with effect from 19 July 2001.*

(2) *Held by Main Fortune International Limited which is 50% owned by Mr. HE Haochang.*

(b) Interests in an associated corporation

80% of the equity capital of Shakou JV was beneficially owned by the Company through its wholly-owned subsidiary, Hensil Worldwide Inc. Madam YIP Siu Chun was deemed to be interested in such 80% of the equity capital of Shakou JV by virtue of her being a shareholder of the Company controlling the exercise of more than one-third of the voting power at its general meetings.

Save as disclosed herein, none of the directors and chief executives had any other beneficial interests in the share capital of the Company or its associated corporations. Furthermore, neither any of them nor their spouses or children under the age of 18 years were granted any rights or options to subscribe for shares in the Company or its associated corporations.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2001, according to the register of interests kept by the Company under Section 16(1) of the SDI Ordinance, the Company had been notified of the following persons (other than a director or chief executive of the Company) with interests representing 10% or more of the issued share capital of the Company:

Name	Number of Shares Held
Hensil Investments Group Limited *(Note)*	315,000,000
Foshan Development Company Limited *(Note)*	315,000,000

Note: *By virtue of its interests in Hensil Investments Group Limited, Foshan Development Company Limited is deemed to be interested in the 315,000,000 shares held by Hensil Investments Group Limited.*

Save as disclosed herein, there was no other person (other than a director or chief executive of the Company) who was directly or indirectly interested in 10% or more of the issued share capital of the Company.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of information that would reasonably indicates that the Company is not, or was not for any part of the period, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
HE Haochang
Chairman

Hong Kong, 21 September 2001

Website: http://www.irasia.com/listco/hk/wingshan

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the Six Months Ended 30 June 2001 – Unaudited

		Six months ended 30 June	
		2001	2000
			Restated
			(Note 2)
	Note	***HK$'000***	*HK$'000*
Turnover	*3*	**311,987**	362,361
Cost of sales		**(271,002)**	(323,442)
Gross profit		**40,985**	38,919
Other revenue		**1,432**	2,194
Other net income		**306**	98
Administrative expenses		**(6,803)**	(6,430)
Goodwill amortization		**(15,811)**	(15,811)
Profit from operations		**20,109**	18,970
Finance cost	*4*	**(24,462)**	(35,696)
Loss from Ordinary Activities Before Taxation	*4*	**(4,353)**	(16,726)
Taxation	*5*	**(3,596)**	(357)
Loss from Ordinary Activities After Taxation		**(7,949)**	(17,083)
Minority interests		**(2,013)**	(311)
Loss Attributable to Shareholders		**(9,962)**	(17,394)
Basic Loss Per Share	*6*	**1.2 cents**	2.1 cents

The notes on pages 8 to 11 form part of this interim financial report.

CONSOLIDATED STATEMENT OF RECOGNIZED GAINS AND LOSSES

For the Six Months Ended 30 June 2001 – Unaudited

		Six months ended 30 June	
		2001	2000
	Note	***HK$'000***	*HK$'000*
Loss Attributable to Shareholders			
As previously reported			15,114
Prior period adjustments arising from change in accounting policy for planned maintenance	*2*		2,280
Net loss for the period (2000: as restated)		**9,962**	17,394
Total Recognized Gains and Losses		**9,962**	17,394
Prior Period Adjustments Arising from Change in Accounting Policy for Planned Maintenance:			
Adjustment against the retained profits at 1 January 2000			25,336

The notes on pages 8 to 11 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET
At 30 June 2001 – Unaudited

	Note	**30 June 2001** **HK$'000**	31 December 2000 *Restated (Note 2)* *HK$'000*
Non-Current Assets			
Fixed assets		**1,413,580**	1,450,057
Goodwill		**688,993**	704,804
		2,102,573	2,154,861
Current Assets			
Consumables		**10,043**	6,880
Trade and other receivables	*8*	**160,843**	81,349
Cash and cash equivalents		**95,647**	151,286
		266,533	239,515
Current Liabilities			
Trade and other payables	*9*	**131,774**	115,220
Current portion of interest-bearing promissory note		**20,158**	13,438
Current portion of interest-bearing loans		**119,882**	106,117
Taxation		**10,191**	8,678
		282,005	243,453
Net Current Liabilities		**(15,472)**	(3,938)
Total Assets Less Current Liabilities		**2,087,101**	2,150,923
Non-Current Liabilities			
Interest-bearing borrowings			
Promissory note		**–**	6,720
Loans		**468,027**	512,501
		468,027	519,221
Minority Interests		**186,117**	188,783
		1,432,957	1,442,919
Share Capital and Reserves			
Share capital		**82,902**	82,902
Reserves	*10*	**1,350,055**	1,360,017
		1,432,957	1,442,919

The notes on pages 8 to 11 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the Six Months Ended 30 June 2001 – Unaudited

	Six months ended 30 June 2001 *HK$'000*
Net Cash Inflow from Operating Activities	**784**
Returns on Investments and Servicing of Finance	
Interest received	**1,432**
Interest paid	**(19,476)**
Dividends paid to minority shareholder	**(4,679)**
Net Cash Outflow from Returns on Investments and Servicing of Finance	**(22,723)**
Investing Activities	
Purchase of fixed assets	**(2,991)**
Net Cash Outflow Before Financing	**(24,930)**
Financing	
Repayment of loans	**(30,709)**
Decrease in Cash and Cash Equivalents	**(55,639)**
Cash and Cash Equivalents at 1 January 2001	**151,286**
Cash and Cash Equivalents at 30 June 2001	**95,647**

Analysis of the Balances of Cash and Cash Equivalents

Deposits with banks maturing within three months	**43,857**
Cash at bank and in hand	**51,790**
	95,647

The notes on pages 8 to 11 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

1. Basis of Preparation

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Society of Accountants (the "HKSA"), except that they have not reviewed the comparative information relating to the six months ended 30 June 2000. KPMG's independent review report to the Board of Directors is included on page 12.

The interim financial report has been prepared in accordance with the requirements of the Rules Governing the Listing of Securities (the "Stock Exchange") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the HKSA except that comparative figures for the cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Listing Rules.

The financial information relating to the financial year ended 31 December 2000 included in the interim financial report does not constitute the Company's statutory accounts for that financial year but is derived from those accounts. Statutory accounts for the year ended 31 December 2000 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those accounts in their report dated 17 April 2001.

The same accounting policies adopted in the 2000 annual accounts have been applied to the interim financial report except for the changes in accounting policies as explained in note 2 below and the adoption of the accounting policy as set out below in order to comply with SSAP 31 "Impairment of assets" issued by the HKSA.

Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired:

- property, plant and equipment; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. For goodwill that is amortized over a period of exceeding 20 years from initial recognition, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

(a) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where there are assets that do not generate cash flows largely independent of those from other assets, recoverable amounts are determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit).

(b) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

2. Change in Accounting Policy

During 2001, the Group adopted SSAP 17 (revised) "Property, plant and equipment" and SSAP 28 "Provisions, contingent liabilities and contingent assets" issued by the HKSA.

The People's Republic of China ("PRC") subsidiary operates a planned maintenance scheme for its power generating plant, under which the projected maintenance cost for each maintenance cycle is estimated by the directors in consultation with the plant management and by reference to the estimated number of operating hours in a maintenance cycle. In prior years, the projected maintenance cost was charged to the profit and loss account on the basis of the number of operating hours run by the power plant in each year.

2. **Change in Accounting Policy *(Continued)***

With effect from 1 January 2001, the Group adopted the accounting policies as set out below in order to comply with SSAP 17 (revised) "Property, plant and equipment" and SSAP 28 "Provision, contingent liabilities and contingent assets" issued by the HKSA. The new accounting policies have been adopted retrospectively, with the opening balance of retained profits and the comparative information adjusted for the amounts relating to prior periods. As a result of the new accounting policies, the Group's loss for the six months ended 30 June 2001 has been increased by HK$2,344,000 (2000: HK$2,280,000) and the net assets as at 30 June 2001 have been increased by HK$23,946,000 (31 December 2000: HK$26,290,000).

(a) Costs of planned maintenance

Where costs of planned maintenance, which can be measured reliably, are identified as a separate component of the asset and it is probable that future economic benefits associated with the asset will flow to the Group, the costs are capitalized and depreciated over the useful life of the component.

(b) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

3. **Turnover**

The principal activity of the Group is generation and sale of electricity. Turnover represents the invoiced value, net of value added tax, of electricity supplied in Foshan City, Guangdong Province, the PRC. Included in the turnover is an additional fuel cost surcharge of HK$9.1 million (2000: HK$18.1 million) for electricity supplied.

4. **Loss from Ordinary Activities Before Taxation**

Loss from ordinary activities before taxation is arrived at after charging:

	Six months ended 30 June	
	2001	2000
	HK$'000	*HK$'000*
(a) **Finance cost**		
Interest on promissory note repayable within five years	**699**	1,363
Interest on other borrowings	**23,763**	34,333
	24,462	35,696
(b) **Other items**		
Depreciation and amortization	**44,946**	44,479

5. **Taxation**

No provision has been made for Hong Kong profits tax as the Group sustained losses in Hong Kong for taxation purposes during the period. The tax charge represents provision for the income tax levied by the PRC at 18% (2000: 7.5%) on the estimated assessable profits of the Company's subsidiary, 佛山市沙口發電廠有限公司 (Foshan Shakou Power Plant Co. Ltd.) ("Shakou JV"), for the period.

6. Basic Loss Per Share

The calculation of basic loss per share is based on the loss attributable to shareholders of HK$9,962,000 (2000: HK$17,394,000) and the weighted average number of 829,018,244 (2000: 829,018,244) shares in issue during the period.

7. Related Party Transactions

Name of related company	Nature of transaction	Six months ended 30 June **2001** ***HK$'000***	2000 *HK$'000*
Gloryson Limited	Rental of office premises	**346**	346
Foshan City District Electricity Fuel Supply Company	Purchase of fuel *(Note)*	**208,517**	219,347
Foshan City District Electric Power Construction Corporation and its associate	Interest on loans	**23,763**	34,333
Hensil Investments Group Limited	Interest on promissory note	**699**	1,363

Note: All the values are exclusive of value added tax.

Rentals were paid at market rates. Madam Yip Siu Chun, being a director and a controlling shareholder of the Company, is beneficially interested in Gloryson Limited.

During the period, the Group purchased fuel from 佛山市區電力燃料公司 (Foshan City District Electricity Fuel Supply Company) ("Fuel Company"). As at 30 June 2001, amount due to Fuel Company was HK$63.79 million (31 December 2000: HK$41.41 million). Fuel Company, being an associate of 佛山市區電力建設總公司 (Foshan City District Electric Power Construction Corporation) ("Power Construction Corporation"), is a related party to the Company because Power Construction Corporation is a substantial shareholder of Shakou JV.

During the period, Shakou JV had outstanding loans due to Power Construction Corporation and its associate pursuant to certain loan agreements entered into between Shakou JV and the respective counterparties. As at 30 June 2001, the outstanding loans, including an overdue amount of HK$30.93 million (31 December 2000: HK$17.17 million), amounted to approximately HK$587.91 million (31 December 2000: HK$618.62 million). Apart from the outstanding loans, as at 30 June 2001, there were overdue interests payable to these parties amounting to HK$30.30 million (31 December 2000: HK$24.08 million), which are interest-free.

As at 30 June 2001, the outstanding amount of the promissory note due to Hensil Investments Group Limited ("Hensil Investments"), including an overdue amount of HK$6.72 million (31 December 2000: HK$Nil), amounted to HK$20.16 million (31 December 2000: HK$20.16 million). Hensil Investments is a related party to the Company because it is a controlling shareholder of the Company.

8. Trade and Other Receivables

Included in the trade and other receivables is a trade debtor with the following ageing analysis:

	30 June 2001 ***HK$'000***	31 December 2000 *HK$'000*
Current	**91,288**	77,138
1 to 3 months overdue	**67,372**	–
	158,660	77,138

Debts are due within one month from the date of billing. All of the trade and other receivables are expected to be recovered within one year.

9. Trade and Other Payables

	30 June 2001 *HK$'000*	31 December 2000 *HK$'000*
Creditors and accrued charges	**37,688**	49,728
Amounts due to related companies	**94,086**	65,492
	131,774	115,220

Included in the trade and other payables are trade creditors with the following ageing analysis:

	30 June 2001 *HK$'000*	31 December 2000 *HK$'000*
Due within 1 month or on demand	**55,782**	67,800
Due after 1 month but within 3 months	**8,007**	–
Due after 3 months but within 6 months	**9,748**	–
	73,537	67,800

10. Reserves

	Share premium *HK$'000*	**Capital redemption reserve** *HK$'000*	**Reserve fund** *HK$'000*	**Enterprise development fund** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 January 2001						
– as previously reported	1,041,444	297	14,355	14,355	263,276	1,333,727
– prior period adjustments arising from change in accounting policy for planned maintenance	–	–	–	–	26,290	26,290
– as restated	1,041,444	297	14,355	14,355	289,566	1,360,017
Loss for the period	–	–	–	–	(9,962)	(9,962)
At 30 June 2001	1,041,444	297	14,355	14,355	279,604	1,350,055

11. Contingent Liabilities

Shakou JV had a syndicated loan denominated in US dollar which was fully repaid on 23 March 1998. Under the loan agreement, Shakou JV is required to bear any PRC tax payable in respect of interest paid to the lenders. By a letter dated 17 March 1998, the Shakou JV's former ultimate holding company, Foshan Development Company Limited, agreed to bear any tax liabilities, including penalties, if any which may arise from the interest paid on the syndicated loan. The estimated tax which may be payable is approximately HK$43 million, excluding penalties.

12. Approval of the Interim Financial Report

The interim financial report was approved by the Board of Directors on 21 September 2001.

Independent Review Report to the Board of Directors of Wing Shan International Limited

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 4 to 11.

Directors' Responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

Review Work Performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagement to review interim financial reports" issued by the Hong Kong Society of Accountants, except that the scope of our review was limited as explained below.

A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

The scope of our review was limited because the Company's interim financial report for the period ended 30 June 2000 was neither reviewed in accordance with SAS 700 nor audited and consequently we were unable to perform a review of comparatives in accordance with SAS 700.

Modified Review Conclusion Arising from Limitation of Review Scope

On the basis of our review which does not constitute an audit, with the exception of the possible adjustments to the information for the comparative period ended 30 June 2000 that might have been determined to be necessary had the above limitation not existed, we are not aware of any material modifications that should be made to the interim financial report for the period ended 30 June 2001.

KPMG
Certified Public Accountants

Hong Kong, 21 September 2001