

LIQUIDITY AND FINANCIAL RESOURCES

The Group's short term deposits and bank balances as at 30 September 2001 amounted to approximately HK\$153.2 million. To meet the demand of the Group's activities additional bank borrowings were drawn and their aggregate balance increased by HK\$64 million to HK\$700 million in the financial period ended 30 September 2001. At 30 September 2001, its gearing ratio, measured on the basis of the Group's total bank loans net of cash balances over the Company's shareholders funds was 1.09 times (31 March 2001: 0.98 times). With bank balances and other current assets of HK\$1,274.7 million as well as available bank and trade facilities, the directors of the Company believe the Group has sufficient working capital to meet its present requirement.

The Group's foreign currency purchases were mainly denominated in United States dollars. Foreign exchange contracts and options were used, if necessary, to hedge the Group's foreign currency exposure.

DIRECTORS' INTEREST

As at 30 September 2001, the interest of the directors and chief executive of the Company in the shares of the Company (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register maintained under Section 29 of the SDI Ordinance were as follows:

Name	Note	Number of shares
SHAM Kit Ying	1 and 3	284,480,000
SHAM Yee Ching, Judy and SHAM Yee Lan, Peggy	1 and 2	284,480,000
LEE Seng Jin	4	3,000,000
SHAM Yee Ching, Judy	4	159,043
SHAM Yee Lan, Peggy	4	572,556
CHOW Wing Yuen	4	540,000

Notes:

- (1) Of the 284,480,000 shares, 16,140,000 shares were held by Morpeth Investments Limited, the entire issued share capital of which is owned by Barclays Private Bank & Trust Limited, acting in its capacity as the trustee of The Chan Wai Hing Family Trust, a discretionary trust whose objects include Mr Sham Kit Ying, Ms Sham Yee Ching, Judy, Ms Sham Yee Lan, Peggy and another child of Mr Sham Kit Ying, who is over 18 years of age. The interests of Mr Sham Kit Ying, Ms Sham Yee Ching, Judy and Ms Sham Yee Lan, Peggy are accordingly "other interests" as described in Practice Note 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").
- (2) Of the 284,480,000 shares, 268,340,000 shares were held by Caewern Holdings Limited, the entire issued share capital of which is owned by Barclays Private Bank & Trust Limited, acting in its capacity as the trustee of The Sham Kit Ying Family Trust, a discretionary trust whose objects include Ms Chan Wai Hing, Ms Sham Yee Ching, Judy, Ms Sham Yee Lan, Peggy and another child of Mr Sham Kit Ying, who is over 18 years of age. The interests of Ms Sham Yee Ching, Judy and Ms Sham Yee Lan, Peggy are accordingly "other interests" as described in Practice Note 5 of the Listing Rules.
- (3) Of the 284,480,000 shares, Mr Sham Kit Ying is taken to have an interest in 268,340,000 shares by virtue of the interest of his wife, Ms Chan Wai Hing, who is one of the objects under The Sham Kit Ying Family Trust.
- (4) All the shares which were held by each of Mr Chow Wing Yuen and Ms Sham Yee Lan, Peggy were owned beneficially by each of them and were registered in his or her name. All the shares which were held by each of Mr Lee Seng Jin and Ms Sham Yee Ching, Judy were owned beneficially by each of them and were registered in his or her nominee's name. The interests of each of Mr Lee Seng Jin, Mr Chow Wing Yuen, Ms Sham Yee Ching, Judy and Ms Sham Yee Lan, Peggy are accordingly "personal interests" as described in Practice Note 5 of the Listing Rules.

Save as disclosed herein, none of the directors or chief executive of the Company including their respective spouses, infant children, related trusts and companies which they control, had interest either beneficially or non-beneficially in the securities of the Company or any of its subsidiaries and associated corporations within the meaning of the SDI Ordinance as at 30 September 2001 and at no time during the six months ended 30 September 2001 was the Company, or any of its subsidiaries a

party to any arrangements to enable any of the directors or chief executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 September 2001, other than the interests disclosed above in respect of the directors and chief executive of the Company, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the Company had been notified of the following interests which represents 10% or more of the Company's issued share capital:

Name of shareholder	Number of shares
Caewern Holdings Limited	268,340,000
Barclays Private Bank & Trust Limited (<i>Note 1</i>)	284,480,000

Note:

- (1) Of the 284,480,000 shares, 268,340,000 shares were held by Caewern Holdings Limited and 16,140,000 shares were held by Morpeth Investments Limited. The entire issued share capital of Caewern Holdings Limited is owned by Barclays Private Bank & Trust Limited, acting in its capacity as the trustee of The Sham Kit Ying Family Trust and the entire issued share capital of Morpeth Investments Limited is owned by Barclays Private Bank & Trust Limited, acting in its capacity as the trustee of The Chan Wai Hing Family Trust.

Save as aforesaid, the directors and chief executive of the Company are not aware of any other person who, as at 30 September 2001 were directly or indirectly interested in 10% or more of the issued share capital of the Company.

AUDIT COMMITTEE

The Audit Committee (the "Committee") comprises two independent non-executive directors of the Company, namely Mr PANG Wing Kin, Patrick and Mr LAU Wang Yip, Eric. The principal activities of the Committee include the review and supervision of the Group's financial reporting process and internal controls. The Committee has reviewed the Group's unaudited interim report for the six months ended 30 September 2001 before it was tabled for the Board's approval. The review of the unaudited interim financial statements was conducted in conjunction with the Group's external auditors.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2001 neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not during the six months ended 30 September 2001 in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules except that the non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

A detailed Interim Results Announcement containing all the information in respect of the Company required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on The Stock Exchange of Hong Kong Limited's website in due course.

By Order of the Board
SHAM Kit Ying
Chairman

Hong Kong, 19 December 2001