

(SUBSTANTIAL SHAREHOLDERS)

As at 31 December 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Guliano	Beneficial owner	367,904,142	34.34%
VF Intimates	Beneficial owner	106,000,000	9.89%

(SHARE OPTIONS)

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 22 November 2001 for the primary purpose of providing incentives or rewards for the contribution by the directors, employees or any other persons in the discretion of the Board and will expire on 21 November 2012. Under the Scheme, the Board of Directors of the Company may grant options to any employees or executives or officers of the Company and its subsidiaries and any other persons, who in the discretion of the Board have contributed to the Company and its subsidiaries, to subscribe for shares in the Company.

At 31 December 2003, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 6,164,168 (2002: 6,164,168), representing 0.6% (2002: 0.7%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 14 days of the date of grant, upon payment of HK\$1 per grant. Options may generally be exercised at any time from the second anniversary of the date of acceptance to the tenth anniversary of the date of grant. In each grant of options, the Board of Directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the highest of the closing price of the Company's shares on the date of grant and the average closing price of the shares for the five business days immediately preceding the date of grant and the nominal value of the shares.

The following table discloses details of the Company's share options held by directors under the Scheme and movements in such holdings during the period:

Date of grant	Vesting period	Exercise period	Exercise price HK\$	Number of share options		
				Outstanding at 1.7.2003	Granted during the period	Outstanding at 31.12.2003
9 September 2002	9 September 2002 to 8 September 2004	9 September 2004 to 8 September 2012	0.343	6,164,168	-	6,164,168

During the six months ended 31 December 2003, no option were exercised or cancelled under the Scheme.

(EMPLOYMENT AND REMUNERATION POLICY)

As at 31 December 2003, the Group had a total number of approximately 9,200 employees.

The remuneration policy and package of the Group's employees are structured by reference to market terms and statutory requirements as appropriate. In addition, the Group also provide other staff benefits such as medical insurance, mandatory provident fund and a share option scheme to its employees.

(AUDIT COMMITTEE)

On 11 December 1998, the Company formed an Audit Committee comprising Mr. Chow Yu Chun, Alexander, Mr. Lam Ka Chung, William, Mr. Lin Sian Zu, John and Ms. Tse Koon Hang, Ada, all of whom are independent non-executive Directors of the Company. In establishing the terms of reference of the Audit Committee, the Directors have made reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants in December 1997.

The unaudited interim report for the six months ended 31 December 2003 has been reviewed by the Audit Committee.

(PURCHASE, SALE 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.

(INTERIM DIVIDEND)

The Board of Directors has resolved to declare an interim dividend of 2 HK cents per share be paid for this six months period (2002: nil) to members whose name appear on the register of members on 12 March 2004.

(CLOSURE OF REGISTER OF MEMBERS)

The register of members of the Company will be closed from 8 March 2004 to 12 March 2004, both days inclusive, for the purpose of establishing entitlement of shareholders to receive the dividend. During this period, no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Secretaries Limited at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 5 March 2004.

(CORPORATE GOVERNANCE)

The Company has complied throughout the period with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board
Fung Wai Yiu
Chairman

Hong Kong, 17 February 2004