

DIRECTORS' INTERESTS

As at December 31, 2000, the interests of the directors and chief executives in the equity or debt securities of the Company and its associated corporations (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 or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Name	Type of interest	Number of ordinary shares
Tang Chi Chien, Jack	Family interests (<i>Notes 1 and 8</i>)	4,299,492
	Personal & other interests (<i>Note 2</i>)	3,769,953
	Other interests (<i>Note 9</i>)	138,260,000
Wang Koo Yik Chun	Other interests (<i>Note 10</i>)	1,537,000
Wang Kin Chung, Peter	Corporate interests (<i>Note 11</i>)	138,260,000
	Other interests (<i>Note 12</i>)	8,069,445
Wu Ching Her	Personal interests	1,636,289
Leslie Tang Schilling	Family interests (<i>Notes 3 and 7</i>)	4,312,193

As at December 31, 2000, certain directors of the Company held shares in certain subsidiaries in trust in a nominee capacity for the Group. Full details of such non-beneficial shareholdings are available for inspection on request at the Company's head office.

On November 28, 1997, a Share Option Scheme was approved by the shareholders of the Company, under which the directors of the Company may, at their discretion, invite any full time employee or executive director of the Company or its subsidiaries to take up options at HK\$1 each as consideration for option to subscribe for shares in the Company. The subscription price is determined by the Board at not less than 80% of the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of the option or the nominal value of the shares, whichever is the higher.

As at December 31, 2000, the Company had granted the following share options:

Name	Number of options	Date of grant	Exercise price per share <i>HK\$</i>
Wu Ching Her	3,000,000	June 16, 1998	1.62
Wang Kin Chung, Peter *	6,500,000	November 9, 1999	1.39
Tang Chi Chien, Jack *	6,500,000	November 9, 1999	1.39
Chen Nam Zhang	600,000	November 9, 1999	1.39
Lo Chak Wa	600,000	November 9, 1999	1.39

* Mr. Tang Chi Chien, Jack has not been granted any share options. However, by virtue of Sections 9 and 10 of the SDI Ordinance, Mr. Tang Chi Chien, Jack is taken to be interested in the interest of Mr. Wang Kin Chung, Peter for the 6,500,000 share options granted to and exercisable by him.

The options are exercisable in stages commencing twelve months from the date of grant. The expiry dates of the options are three years after their respective dates of grant. No options were granted to any of the directors during the year. The above directors have not exercised any of their options during the period from the date of grant to December 31, 2000.

Save as disclosed herein, as at December 31, 2000, none of the directors or chief executive of the Company, including their respective spouses, infant children, related trusts and companies which they control, had any personal, family, corporate or other interests in the equity or debt securities of the Company or its associated corporations as recorded in the register maintained under Section 29 of the SDI Ordinance or as notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed herein, no contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which any of the Company's directors or members of its management had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at December 31, 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, the following persons (other than a director or chief executive of the Company) who were, directly or indirectly, interested in 10% or more of the Company's issued share capital were as follows:

Name	Number of ordinary shares
Tang Yue Nien, Martin (<i>Notes 4, 5, 7 and 8</i>)	59,738,047
Bermuda Trust (New Zealand) Limited (<i>Notes 1, 2, 3, 5 and 6</i>)	75,648,500
Silver Tree Holdings Inc. (<i>Note 11</i>)	138,260,000

Notes:

1. Bermuda Trust (New Zealand) Limited holds 4,299,492 shares as co-trustee of a trust of which Mr. Tang Chi Chien, Jack's wife is a discretionary beneficiary.
2. Bermuda Trust (New Zealand) Limited holds 3,769,953 shares as co-trustee with Mr. Tang Chi Chien, Jack of a trust of which Mr. Tang Chi Chien, Jack is a discretionary beneficiary.
3. Bermuda Trust (New Zealand) Limited holds 4,312,193 shares as co-trustee of a trust of which Mrs. Leslie Tang Schilling's children are discretionary beneficiaries.
4. Mr. Tang Yue Nien, Martin holds 52,338,047 shares as co-trustee and/or a discretionary beneficiary of various trusts.
5. Bermuda Trust (New Zealand) Limited holds 7,400,000 shares as the trustee of a trust of which Mr. Tang Yue Nien, Martin's children are discretionary beneficiaries.
6. Bermuda Trust (New Zealand) Limited holds 75,648,500 shares as trustees for various trusts and all the shares are registered in the name of its nominee company, Somers Nominees (Far East) Limited.
7. 4,312,193 shares held by Mr. Tang Yue Nien, Martin overlap that of family interests of Mrs. Leslie Tang Schilling.
8. 4,299,492 shares held by Mr. Tang Yue Nien, Martin overlap that of family interests of Mr. Tang Chi Chien, Jack.

9. By virtue of Sections 9 and 10 of the SDI Ordinance, Mr. Tang Chi Chien, Jack is taken to be interested in the interests of Mr. Wang Kin Chung, Peter in the equity securities of the Company, namely 138,260,000 shares which are held by Silver Tree Holdings Inc., a company wholly-owned by Mr. Wang Kin Chung, Peter.
10. 1,379,000 shares are held by Euroworld Trustee Holdings Corporation as trustee of a unit trust, units of which are held by a trust, the discretionary objects of which include Ms. Wang Koo Yik Chun. Another 158,000 shares are held by Main World Investment Limited, the entire issued share capital of which is beneficially owned by the same unit trust.
11. 138,260,000 shares were beneficially owned by Silver Tree Holdings Inc., a company wholly-owned by Mr. Wang Kin Chung, Peter.
12. By virtue of Sections 9 and 10 of the SDI Ordinance, Mr. Wang Kin Chung, Peter is taken to be interested in the interest of Mr. Tang Chi Chien, Jack, in the equity securities of the Company, namely the family interests of 4,299,492 shares (*see Notes 1 and 8*) and the personal and other interests of 3,769,953 shares (*see Note 2*).

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the Company's Bye-Laws and the law in Bermuda in relation to the issue of new shares by the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Ms. Wang Koo Yik Chun and Mr. Wang Kin Chung, Peter are directors of Hua Thai Manufacturing Public Company Limited and certain of its subsidiaries. Hua Thai Manufacturing Public Company Limited is a 36.4% held associated company of the Group and, together with its subsidiaries, are engaged in garment manufacturing and trading businesses. The shares of Hua Thai Manufacturing Public Company Limited are listed on the Stock Exchange of Thailand.

By virtue of their directorships in Hua Thai Manufacturing Public Company Limited and certain of its subsidiaries, Ms. Wang Koo Yik Chun and Mr. Wang Kin Chung, Peter are considered to be interested in a business apart from the Group's business, which competes or is likely to compete, directly or indirectly, with the Group's business and are required to disclose such interests in the Company's annual report under Rule 8.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CONNECTED TRANSACTIONS

The details of connected transactions as defined under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") are as follows:

- a. The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has granted a waiver to the Group from the full disclosure requirements under Chapter 14 of the Listing Rules in respect of a connected transaction with TDB Company Limited. TDB Company Limited is a connected person by virtue of the fact that a director of the Company holds the majority shares of TDB Company Limited. The connected transaction relates to the leasing of factory, office and warehouse space by a subsidiary of the Company from TDB Company Limited. For the year ended December 31, 2000, the rental expenses of approximately HK\$4,992,000 paid to TDB Company Limited were calculated under normal commercial terms in accordance with an executed rental agreement between the subsidiary of the Company and TDB Company Limited.

The independent non-executive directors of the Company who are not connected with TDB Company Limited have reviewed such transaction and confirmed that the transaction has been carried out under normal commercial terms, in the ordinary and usual course of business of the Group and on an arm's length basis, and is fair and reasonable insofar as the shareholders of the Company are concerned.

- b. On March 2, 2000, Eurowide Investment N.V. ("Eurowide"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with, among others, Mervin Holding B.V. ("Mervin Holding") and Mervin Marxx Europe B.V. ("MME") pursuant to which Eurowide agreed to sell, and Mervin Holding agreed to purchase, 60% of the issued share capital of MME, at a consideration of NLG1 (equivalent to approximately HK\$4) and a waiver by certain of the Company's subsidiaries of approximately NLG1,691,000 (equivalent to approximately HK\$6,800,000) owed by MME to those subsidiaries. Prior to the transaction, Mervin Holding was the holder of 40% of the issued share capital of MME. Completion of the transaction took place on March 9, 2000.

The directors of the Company (including the independent non-executive directors) have confirmed that the terms of the transaction were normal commercial terms and were fair and reasonable and in the interests of the shareholders of the Company.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the year except that the non-executive directors are not appointed for a specific term as they are subject to retirement by rotation at the Annual General Meeting in accordance with the Company's Bye-Laws 85 and 86.

AUDIT COMMITTEE

The Company set up an Audit Committee of the Board of Directors on September 1, 1998. The current Committee members comprise two independent non-executive directors, Mr. Lo Kai Yiu, Anthony and Mr. Yuan Ching Man, James; and one non-executive director, Ms. Mak Wang Wing Yee, Winnie. The Audit Committee and senior management met twice in 2000 (one of the meetings was with the external auditors) to consider the nature and scope of audit reviews and the effectiveness of the systems of internal control and financial reporting matters (including the interim and annual financial statements before recommending them to the Board of Directors for approval).

AUDITORS

The financial statements have been audited by Arthur Andersen & Co. A resolution for their reappointment as auditors for the ensuing year is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Wang Kin Chung, Peter

Chairman and Chief Executive Officer

Hong Kong, April 9, 2001