

DIRECTORS' REPORT

Name of director	Date of grant	Exercise price per share (HK\$)	Outstanding as at 1.1.2000	Number of share options		
				Granted during the year	Lapsed during the year	Outstanding as at 31.12.2000
Christopher Cheng Wai Chee	15.11.1999	0.800	2,000,000	–	–	2,000,000
Edward Cheng Wai Sun	18.8.1995	2.025	5,422,222	–	(5,422,222)	–
	26.7.1996	2.151	833,333	–	–	833,333
	30.8.1997	2.330	1,000,000	–	–	1,000,000
	15.11.1999	0.800	2,000,000	–	–	2,000,000
	18.8.2000	2.025	–	5,422,222	–	5,422,222
Frederick Ng Tak Wai	26.7.1996	2.151	333,333	–	–	333,333
	30.8.1997	2.330	430,000	–	–	430,000
	15.11.1999	0.800	860,000	–	–	860,000
Simon Murray	29.7.1996	2.151	1,111,111	–	–	1,111,111

No option was exercised by the Company's directors during the year.

Other than disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors or the chief executive of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the directors, the chief executive, their spouses or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

At 31st December, 2000, the register kept by the Company under Section 16(1) of the SDI Ordinance showed the following persons, many of whom were related to the directors and the chief executive as stated under "Directors' and Chief Executive's Interests in Shares of the Company", were interested in 10% or more of the nominal value of the issued shares of the Company:

Name of shareholder	Number of shares beneficially held
Brave Dragon Limited	106,345,862
Wing Tai Holdings Limited	110,595,862 (Note 1)
Deutsche Bank International Trust Co. (Jersey) Limited	110,595,862 (Note 2)
Deutsche Bank International Trust Co. (Cayman) Limited	110,595,862 (Note 2)
Wing Tai Asia Holdings Limited	110,595,862 (Note 2)
Wing Sun Development Pte Limited	110,595,862 (Note 2)
Terebene Holdings Inc.	110,595,862 (Note 2)
Winlyn Investment Pte Limited	110,595,862 (Note 2)
Bestime Resources Limited	68,747,996 (Note 3)
Pofung Investments Limited	66,698,122 (Note 3)
Wing Tai Corporation Limited	135,446,118 (Note 3)
Wesmore Limited	83,316,158 (Note 4)
Sun Hung Kai Properties Limited	100,762,150 (Note 4)

Notes:

- (1) *Wing Tai Holdings Limited beneficially owned 89.4% of the issued shares of Brave Dragon Limited and 100% of the issued shares of Wing Tai Garment Manufactory (Singapore) Pte Limited which owned 4,250,000 shares of the Company.*
- (2) *Deutsche Bank International Trust Co. (Jersey) Limited was the trustee of a family trust (in which Messrs. Christopher Cheng Wai Chee, Edward Cheng Wai Sun, Francis Cheng Man Piu and Cheng Wai Keung were beneficiaries) which held all units of a unit trust ("Unit Trust"). Deutsche Bank International Trust Co. (Cayman) Limited was the trustee of the Unit Trust which beneficially owned 100% of the issued shares of Wing Tai Asia Holdings Limited and 61.3% of the issued shares of Terebene Holdings Inc. Wing Tai Asia Holdings Limited, through its wholly-owned subsidiary, Wing Sun Development Pte Limited, held 28.0% of the issued shares of Wing Tai Holdings Limited. Terebene Holdings Inc. held 59.3% of the issued shares of Winlyn Investment Pte Limited, which in turn held 10.7% of the issued shares of Wing Tai Holdings Limited.*
- (3) *Wing Tai Corporation Limited beneficially owned 100% of Bestime Resources Limited and Pofung Investments Limited. Accordingly, it was deemed by the SDI Ordinance to be interested in the shares of the Company beneficially owned by Bestime Resources Limited and Pofung Investments Limited.*
- (4) *Sun Hung Kai Properties Limited beneficially owned 100% of Soundworld Limited, Techglory Limited and Wesmore Limited. It was accordingly deemed by the SDI Ordinance to be interested in the shares of the Company owned by Soundworld Limited, Techglory Limited and Wesmore Limited. Soundworld Limited was the beneficial owner of 16,260,992 shares of the Company and Techglory Limited was the beneficial owner of 1,185,000 shares of the Company.*

Other than disclosed above, there was no person recorded in the register kept pursuant to Section 16(1) of the SDI Ordinance having an interest in 10% or more of the nominal value of the issued share capital of the Company as at 31st December, 2000.

DIRECTORS' INTERESTS IN CONTRACTS

There were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, which subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The interests of directors of the Company in competing businesses required to be disclosed pursuant to Rule 8.10 of the Listing Rules are as follows:

Messrs. Christopher Cheng Wai Chee, Edward Cheng Wai Sun and Francis Cheng Man Piu are substantial shareholders of Wing Tai (Cheng) Holdings Limited and Pacific Investment Exponents Inc. (the "Group One Companies"). Messrs. Christopher Cheng Wai Chee and Francis Cheng Man Piu are directors of Wing Tai (Cheng) Holdings Limited. Messrs. Christopher Cheng Wai Chee, Edward Cheng Wai Sun and Francis Cheng Man Piu are directors of Pacific Investment Exponents Inc.

Messrs. Christopher Cheng Wai Chee, Edward Cheng Wai Sun, Francis Cheng Man Piu and Cheng Wai Keung are beneficiaries of a family trust which is a substantial

shareholder of Wing Tai Garment Industrial Holdings Limited (the "Group Two Company"). Messrs. Christopher Cheng Wai Chee and Francis Cheng Man Piu are directors of the Group Two Company.

Messrs. Christopher Cheng Wai Chee, Edward Cheng Wai Sun, Francis Cheng Man Piu and Cheng Wai Keung are beneficiaries of a family trust which is a substantial shareholder of Wing Tai Asia Holdings Limited and Terebene Holdings Limited (the "Group Three Companies"). Mr. Cheng Wai Keung is a director of the Group Three Companies.

Certain companies controlled by the Group One Companies and the Group Two Company carry on garment business in China and Cambodia which may be regarded as competitive to the Company's apparel business.

Certain companies affiliated with the Group Three Companies carry on garment business in Malaysia and Sri-Lanka which might be regarded as competitive to the Company's apparel business.

The Company's management team is separated from and independent of those of the Group One Companies, Group Two Company and Group Three Companies. The Company's management team has been instructed that whatever businesses to be transacted with the Group One Companies, Group Two Company, Group Three Companies and/or any companies controlled/affiliated therewith shall be transacted at arm's length. Furthermore, the Company's independent non-executive directors and the members of the Company's Audit Committee will ensure that the Company is capable of carrying on its business