

As the existing production capacity of the Group can still satisfy the current production requirements, the Group has postponed the installation still additional production lines for its production facilities. The Group has placed the unused balance of the net proceeds with licensed banks and financial institutions in Hong Kong and the PRC, which will be applied for the intended uses as set out in the Company's prospectus dated 9 January 2001.

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2001, the interests of the directors of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

		Number of issued ordinary shares of HK\$0.10 each In the Company held and nature of interest			
Name of director		Personal Interest	Family interest	Corporate interest	Other interest
Mr. Hui Kee Fung	(Note)	-	-	156,750,000	-
Mr. Hui Ki Yau	(Note)	-	-	-	-
Ms. Hui Hung Tan, Teresa	(Note)	-	-	-	-
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

*Note:* The 156,750,000 shares are held by Legend Win Profits Limited ("Legend Win"), a company incorporated in the British Virgin Islands. The issued share capital of Legend Win is beneficially owned by Mr. Hui Kee Fung, Mr. Hui Ki Yau, Ms. Hui Hung Tan, Teresa and Hui's K. K. Foundation Limited as to 38.95%, 32.63%, 23.16% and 5.26%, respectively. Hui's K. K. Foundation Limited is a company which is incorporated in Hong Kong, limited by guarantee and does not have a share capital. Mr. Hui Kee Fung, Mr. Hui Ki Yau, and Ms. Hui Hung Tan, Teresa are the registered members and directors of Hui's K. K. Foundation Limited.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interest in the ordinary shares of the Company or any of its associated corporations, as defined in the SDI Ordinance.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Pursuant to the Company's share option scheme adopted by the Company on 19 December 2000, the board of directors may, at its discretion, offer full-time employees of the Company or any of its subsidiaries, including executive directors (excluding non-executive directors), options to subscribe for shares in the Company. The Company has not granted any options in favour of any director during the Period and up to the date of this report.

Save as disclosed above and other than in connection with the Group Reorganisation and the Company's initial public offering, at no time during the Period and up to the date of this report was the Company, its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **SUBSTANTIAL SHAREHOLDERS**

As at 30 June 2001, no person had registered an interest of 10% or more in the issued share capital of the Company that was required to be recorded in the register of interests pursuant to Section 16(1) of the SDI Ordinance, other than the shares held by Legend Win as disclosed in the section headed "Directors' interests in share capital" above, which represented 71.25% of the Company's issued share capital as at the date of this report.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

The Company's shares were listed on the Stock Exchange on 22 January 2001. Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period and up to the date of this report.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “Committee”) with written terms of reference in compliance with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules. The primary duties of the Committee are to review and supervise the financial reporting process and internal control system of the Group. The Committee comprises two independent non-executive directors. The Group’s unaudited financial statements for the Period have been reviewed by the Committee, who are of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosures have been made.

## **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 Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), following the listing of the Company’s shares on the Stock Exchange on 22 January 2001, except that the independent non-executive directors of the Company were not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company’s articles of association.

By Order of the Board

**HUI Kee Fung**

*Chairman*

Hong Kong  
28 August 2001