

PROSPECTS

The global economy looks set to remain stagnant until at least the first half of 2002, especially after the September 11 incidents. By diversifying product mix and reallocating resources, however, the Group is well placed to maintain its market position despite such global uncertainties.

We also plan to diversify our markets, seeking more outlets in North America and Europe as well as moving into the PRC. Our Shenzhen presence will become a flagship office, exploring the business potential of the PRC market. Furthermore, in response to China's admission to the World Trade Organization, we have taken a first step of setting up a sales team in a major mainland city. These developments, together with our re-allocation of resources to take advantage of economies of scale and reduce operating expenses, make the Group strongly placed to maintain a highly competitive presence in the industry, and forge future growth.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 2nd January 2002 to 4th January 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Abacus Share Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 31st December 2001. Dividend warrants are expected to be despatched on 15th January 2002.

DIRECTORS' INTERESTS IN SHARES

At 30th September 2001, the interests of the directors and chief executive in the shares of the Company or any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained by the company under Section 29 of the SDI Ordinance, were as follows:

Name	Number of ordinary shares beneficially held				
	Personal interest	Corporate interest	Family interest	Other interest	Total interest
Mr LEUNG Kai Ching, Kimen	10,000,000	35,356,000 <i>(Note a)</i>	–	–	45,356,000
Mr LEUNG Wai Sing, Wilson	42,400,000	–	170,018,000 <i>(Note b)</i>	–	212,418,000
Mr KUOK Kun Man, Andrew	4,292,000	–	–	–	4,292,000

DIRECTORS' INTERESTS IN SHARES *(continued)*

Notes:

- (a) These shares are owned by Shundean Investments Limited, a company incorporated in the British Virgin Islands with limited liability, of which Mr LEUNG Kai Ching, Kimen is the sole shareholder.
- (b) These shares are owned by Kimen Leung UT Limited, a company incorporated in the British Virgin Islands, as the trustee of The Kimen Leung Unit Trust, which is beneficially owned by The Kimen Leung Family Trust. Mr LEUNG Wai Sing, Wilson and other family members of Mr LEUNG Kai Ching, Kimen are the beneficiaries of The Kimen Leung Family Trust which is a discretionary trust.

Save as disclosed above and other than one ordinary share each in the Hong Kong incorporated subsidiaries of the Company held in trust for the Group by Mr LEUNG Kai Ching, Kimen, none of the directors, chief executives or their associates had any beneficial or non-beneficial interests in the share capital of the Company or its associated corporations required to be disclosed pursuant to the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under a share option scheme approved by the shareholders of the Company, the directors of the Company may, at their discretion, invite employees and directors of the Group, to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. During the period, no options have been granted.

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors or the chief executives or their spouses 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

As at 30th September 2001, 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 represented 10% or more of the Company's issued share capital:

Name	Number of shares beneficially held
Kimen Leung UT Limited	170,018,000

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, the Company repurchased a total of 1,242,000 ordinary shares of HK\$0.10 each on The Stock Exchange of Hong Kong Limited, all of which have been duly cancelled, as follows:

Trading month	Number of shares repurchased	Price per share		Total consideration HK\$'000
		Highest HK\$	Lowest HK\$	
April 2001	258,000	0.500	0.485	128
May 2001	354,000	0.570	0.500	195
July 2001	100,000	0.540	0.540	54
August 2001	200,000	0.530	0.520	105
September 2001	330,000	0.485	0.450	155
	<u>1,242,000</u>			<u>637</u>

The directors considered that the repurchase of shares will benefit shareholders by enhancing the net assets and earnings per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

The Code of Best Practice has been complied with by the Company except that independent non-executive directors are not appointed for a specific term as recommended under Appendix 14 of the Listing Rules. According to the bye-laws of the Company, independent non-executive directors of the Company will retire by rotation every year and their appointments will be reviewed when they are due for re-election. In the opinion of the Company, this meets the same objective as the Code of Best Practice.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim accounts for the six months ended 30th September 2001.

On behalf of the Board
LEUNG Kai Ching, Kimen
Chairman

Hong Kong, 12th December 2001