



EMPLOYMENT, TRAINING AND DEVELOPMENT

At 30 September 2001, the Group had a total of 652 employees of which 195 were based in Hong Kong and 457 based in the PRC.

Remuneration packages are maintained at a competitive level and reviewed on a periodical basis. Bonus and share options are awarded to certain employees according to the assessment of individual performance and industrial practice.

Frequent training sessions were also conducted to enhance product knowledge and selling techniques of all front line sales staff.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2001, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee of the Company presently comprises Mr. Wang Pingqing and Mr. Wong Kong Hon, independent non-executive directors. The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements in respect of the period and discussed with the Directors the internal control and financial reporting matters.

DIRECTORS' INTERESTS IN SECURITIES

At 30 September 2001, the interests of the Directors and their associates in the securities of the Company and its associated corporations, as recorded in the register (the "Register") maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

Name of Director	Type of Interests	Number of Shares of the Company Interested	Number of Warrants of the Company Interested
Mr. Leung Ngok (<i>Note</i>)	Corporate/family	513,562,500	102,712,500
Mr. Leung Shing (<i>Note</i>)	Corporate/family	513,562,500	102,712,500

Note: These shares are held by ACE Target Inc. as trustee of The Target Unit Trust, a unit trust of which 51% of the units in issue are owned by Ansbacher (BVI) Limited, as trustee of The Leung Ngok Family Trust, a discretionary trust of which the objects include Mr. Leung Ngok's family members, and of which 49% of the units in issue are owned by Ansbacher (BVI) Limited, as trustee of The Leung Shing Family Trust, a discretionary trust of which the objects include Mr. Leung Shing's family members. The issued share capital of ACE Target Inc. is held by Mr. Leung Ngok and Mr. Leung Shing in the proportion of 51% and 49%, respectively.



In addition to the above, certain directors hold shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors, chief executives or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations (as defined in the SDI Ordinance) as recorded in the Register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Under the terms of a share option scheme (the "Scheme") adopted by the Company on 17 October 2000, the Board of Directors may, at its absolute discretion, grant options to eligible employees, including executive directors of the Company or any of its subsidiaries to subscribe for shares in the Company. The Scheme became effective upon the listing of the Company's shares on the Stock Exchange on 13 November 2000. Up to the date of this report, no option has been granted to any directors under the Scheme.

Apart from the foregoing, and other than in connection with the Group Reorganisation in preparation for the Company's initial public offering, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors or chief executives or 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 corporates.

SUBSTANTIAL SHAREHOLDER

At 30 September 2001, the following party was interested in 10% or more in the issued share capital of the Company according to the Register of Interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of Shares	Percentage of Holding
ACE Target Inc. (<i>Note</i>)	513,562,500	62.25%

Note: This interest has also been disclosed as "Corporate/family interest" of Mr. Leung Ngok and Mr. Leung Shing, in the section headed "Directors' Interests in securities" above, where further details of ACE Target Inc. are given.

Save as disclosed above, as at 30 September 2001, no other party had registered an interest in the share capital of the Company as recorded in the Register of Interests required to be kept under Section 16(1) of the SDI Ordinance.



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, for the six months ended 30 September 2001, except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

On Behalf of the Board

Leung Ngok

Chairman

Hong Kong, 20 December 2001