

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2002, the VSC Group employed 703 staff. Salaries and annual bonuses are determined according to positions and performance of the employees. The VSC Group provides on-the-job training and training subsidy to its employees in addition to retirement benefit schemes and medical insurance. Total staff costs including contribution to retirement benefit schemes incurred during the 6-month period under review amounted to approximately HK\$25 million. During the 6-month period under review, 10,500,000 options have been offered and granted to its employees under the new share option scheme adopted since 12 November 2001.

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

As at 30 September 2002, the interests of directors and their respective associates in the shares of HK\$0.10 each in the capital of VSC ("Shares") as recorded in the register maintained by VSC under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to VSC and the Stock Exchange, were as follows:

Name	Number of Shares	Number of Warrants (Note a)
Mr. Yao Cho Fai, Andrew (Note b)	204,624,000	–
Ms. Yao Che Li, Miriam (Note b)	204,624,000	–
Mr. Dong Sai Ming, Fernando (Note c)	1,242,000	124,200
Mr. Ho Sai Hou, Johnson (Note d)	466,400	46,640
Dr. Shao You Bao (Notes e and f)	600,000	120,000
Mr. Ting Woo Shou, Kenneth (Note g)	2,402,000	240,200

Notes:

- a. The warrants ("Warrants") of VSC conferred rights to subscribe in cash for Shares, on the basis of a subscription price of HK\$1.18 per Share (subject to adjustment) during the period from 19 November 2001 to 18 November 2004 (both dates inclusive).
- b. As at 30 September 2002, Huge Top Industrial Ltd. ("Huge Top") held 204,624,000 Shares of VSC. The board of directors of Huge Top only comprises Mr. Yao Cho Fai, Andrew and Ms. Yao Che Li, Miriam, who are also VSC's Directors. Mr. Yao Cho Fai, Andrew directly and indirectly through Perfect Capital International Corp. owned more than one-third of the issued shares of Huge Top and is entitled to exercise more than one-third of the voting power at general meetings of Huge Top. The interests of the aforesaid Directors in the issued Shares of VSC were corporate interests in VSC as described in Practice Note 5 of the Listing Rules.
- c. Mr. Dong Sai Ming, Fernando held 1,242,000 Shares and 124,200 Warrants of VSC. These interests were personal interests in VSC as described in Practice Note 5 of the Listing Rules.
- d. Mr. Ho Sai Hou, Johnson held 466,400 Shares and 46,640 Warrants of VSC. These interests were personal interests in VSC as described in Practice Note 5 of the Listing Rules.
- e. Dr. Shao You Bao held 600,000 Shares and 60,000 Warrants of VSC. These interests were personal interests in VSC as described in Practice Note 5 of the Listing Rules.
- f. Ms. Hsu Chi Kung, wife of Dr. Shao You Bao, held 60,000 Warrants of VSC. The interests of Dr. Shao You Bao in these Warrants were family interests in VSC as described in Practice Note 5 of the Listing Rules.
- g. Mr. Ting Woo Shou, Kenneth held 2,402,000 Shares and 240,200 Warrants of VSC. These interests were personal interests in VSC as described in Practice Note 5 of the Listing Rules.

The interests of the directors in the share options of VSC are separately disclosed in the section "Share Option Scheme" below.

Other than disclosed herein, as at 30 September 2002, neither the Directors nor their associates had any interests in any Shares of VSC (within the meaning of the SDI Ordinance) which were required to be notified to VSC pursuant to Section 28 of the SDI Ordinance or which were required to be recorded under Section 29 of the SDI Ordinance.