

INVESTMENT POSITION AND PLANNING

In June 2002, Tung Hing Products Company Limited (“Tung Hing”), a wholly owned subsidiary of the Company, entered into an agreement with Twin Base Limited, a company wholly owned by Mr. Chong Sing Yuen in relation to the purchase of a factory unit and two car parking spaces by Tung Hing with cash consideration of HK\$3.6 million for expansion of office and warehouse space of the Group (the “Acquisition”). The Acquisition was completed in August 2002.

The Group’s exposure to fluctuations in exchange rates is very limited because most of its assets, liabilities and transactions are denominated in Hong Kong Dollar, or in other currencies such as US Dollar and Renminbi, which exchange rates against the Hong Kong Dollar are relatively stable. The Group does not have significant investment position in stocks, bonds and other financial derivatives.

CHARGES ON GROUP’S ASSETS

The Group’s investment properties are situated in Hong Kong and Panyu, PRC and are all rented out. Approximately 84% of the Group’s investment properties have been pledged to banks to secure credit facilities granted to the Group.

Approximately 85% of the Group’s land and building have been pledged to banks to secure credit facilities granted to the Group.

SHARE CAPITAL

There was no change in share capital of the Company during the interim period.

CONTINGENT LIABILITIES

As at 30th September 2002, the Company has given corporate guarantees to the extent of HK\$24.9 million (31st March 2002: HK\$9.4 million) to certain banks in respect of credit facilities granted to its subsidiaries.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no material acquisitions and disposals of subsidiaries and associated companies during the interim period.

EMPLOYEES

As at 30th September 2002, the Group has approximately 1,470 employees. Most of the employees are working in the Group’s manufacturing base in Panyu, PRC. The Group offers remuneration packages in line with industry practices. Share option scheme and training schemes are adopted to enhance the sense of loyalty of employees.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30th September 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.