



DIRECTORS' RIGHTS TO ACQUIRE SHARES

Under a share option scheme (the "Scheme") approved by the shareholders of the Company on 24 May 2001, the directors of the Company may, at their discretion, invite employees, including executive directors of the Company and its subsidiaries, to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated by the Scheme. As at 31 December 2002, no options had been granted under the Scheme.

Apart from as disclosed above and under the heading "Directors' interests in share capital", at no time during the six months ended 31 December 2002 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2002, the following interests of 10% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company under Section 16(1) of the SDI Ordinance:

Name	Number of shares	Percentage of issued shares
Good Win Holdings Limited (<i>Note</i>)	5,000,000	12.5

Note: Good Win Holdings Limited is a company wholly-owned by Ms. Chiu Kam Hing, Kathy, the chairman and an executive director of the Company, as detailed under "Directors' interests in share capital" above.

Save as disclosed above, the directors were not aware of any person who was, directly or indirectly, interested in 10% or more of the issued share capital of the Company as at 31 December 2002 that was required to be recorded under Section 16(1) of the SDI Ordinance.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's ordinary shares during the six months ended 31 December 2002.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules during the six months ended 31 December 2002, except that the independent non-executive directors are not appointed for a specific term 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.



AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 31 December 2002.

On behalf of the Board
Chiu Kam Hing, Kathy
Chairman

Hong Kong SAR, 18 March 2003