

PROSPECTS

The directors feel sorry about the outbreak of the SARS epidemic in Hong Kong and several other districts of the world during March of the year. Hong Kong's economic growth was adversely affected during such period. Fortunately, the epidemic was under control very soon, and the world economy was recovering. During the outbreak of the epidemic, the Group's staff and the PRC factory were not affected, thus maintaining our usual high productivity. The Group will continue to exercise the internal control system and closely monitor the hygiene environment of the factory.

Looking ahead, the directors are cautiously optimistic in the recent economic recovery in the US. In Mainland China, the economy is prospering as well. The directors believe that Hong Kong will benefit from the economic recovery of both countries. In fact, during the period under review, the Group had recorded a remarkable growth in turnover and is expecting the situation to be encouraging in the second half of the year.

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in the Share Capital of the Company and the Associated Corporations

As at 30th June 2003, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows :

Interests in the Company

Name of Directors	Number of Ordinary Shares			Total
	Personal Interests	Family Interests	Corporate Interests	
Kenneth Ting Woo-shou	93,865,385	586,629	244,175,800 (i)	338,627,814
Dennis Ting Hok-shou	9,692,817	275,000	236,969,800 (ii)	246,937,617
William Li Kai-wan	—	—	—	—
Liu Chee-ming	—	—	1,000,000	1,000,000
Moses Cheng Mo-chi	11,000	—	—	11,000

Notes:

- (i) Included in the “Corporate Interests” above were 209,671,000 shares of the Company held by its substantial shareholder, H.C. Ting’s Holdings Limited, in which Messrs. Dennis Ting Hok-shou and Kenneth Ting Woo-shou together have a controlling interest; and 34,504,800 shares of the Company held by its substantial shareholder, Glory Town Limited, in which Mr. Kenneth Ting Woo-shou has a controlling interest.
- (ii) Included in the “Corporate Interests” above were 209,671,000 shares of the Company held by its substantial shareholder, H.C. Ting’s Holdings Limited, in which Messrs. Dennis Ting Hok-shou and Kenneth Ting Woo-shou together have a controlling interest.

Interests in an associated corporation

Name of associated corporation	Name of director	Capacity	No. of shares held	% of interest in associated corporation
Allman Holdings Limited	Kenneth Ting Woo-shou	Interest of controlled corporation (i)	200	20%

Notes:

- (i) These shares are held by a company which is wholly owned by Mr. Kenneth Ting Woo-shou.

All the interests stated above represent long positions. As at 30th June 2003, no short positions were recorded in the register required to be kept under section 352 of the SFO.

Save as disclosed above, as at 30th June 2003, none of the directors or chief executives of the Company nor their spouses or children under 18 years of age were granted, or had exercised, any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations.

Directors’ Rights to Acquire Shares or Debentures

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholder’s Interests

As at 30th June 2003, save for certain directors’ interests in the share capital of the Company as disclosed above, no other person was recorded in the register kept by the Company under section 352 of the SFO, as having an interest of 5% or more of the issued share capital of the Company.