

EMPLOYEE SCHEMES

As at 30th September 2003, the Group had approximately 6,800 employees. Approximately 69, 6506, 214 and 11 employees were based in Hong Kong, Dongguan factories, Indonesia factory and the U.S. office respectively. The number of workers employed by the Group varies from time to time depending on production needs and are remunerated based on industry practice.

The Group operates different remuneration schemes for different employees. Apart from pension funds and year-end bonuses, in-house training programmes are offered. Details of share option schemes were disclosed in the 2002/2003 annual report.

SHARE OPTIONS

On 8th September 1997, a share option scheme (the “Old Scheme”) was approved by the shareholders of the Company under which its Directors may, at their discretion, invite employees of the Group including any Executive Directors to take up options (the “Share Options”) to subscribe for ordinary shares of HK\$0.1 each in the Company subject to the terms and conditions stipulated therein.

On 3rd September 2002, the shareholders of the Company approved the termination of the Old Scheme and the adoption of a new scheme (“2002 Scheme”) as a result of the amendments of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Upon the termination of the Old Scheme, no further options can be granted thereunder but in all other respects, the provisions of the Old Scheme shall remain in force and all share options granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

Details of the share options outstanding as at 30th September 2003 which have been granted under the Old Scheme are as follows:

	Options held at 1 April 2003	Options granted during period	Options exercised during period	Options cancelled during period	Options held at 30 September 2003	Exercise price HK\$	Grant date	Exercisable from	Exercisable until
Mr. LEUNG Lun	2,000,000	-	-	-	2,000,000	0.675	14th March 2000	1st October 2000	30th September 2005
Mr. LEUNG Chung Ming	2,000,000	-	-	-	2,000,000	0.675	14th March 2000	1st October 2000	30th September 2005
Mr. ZHONG Bing Quan	2,000,000	-	-	-	2,000,000	0.675	14th March 2000	1st October 2000	30th September 2005
Ms. CHENG Yun Tai	2,000,000	-	-	-	2,000,000	0.675	14th March 2000	1st October 2000	30th September 2005
Mr. WONG Tze On, Andy	2,000,000	-	-	-	2,000,000	0.675	14th March 2000	1st October 2000	30th September 2005
Continuous contract employees	1,900,000	-	-	-	1,900,000	0.675	14th March 2000	1st October 2000	30th September 2005
Total	11,900,000	-	-	-	11,900,000				

The above options granted are not recognised in the accounts until they are exercised. Rule 17.08 of the Listing Rules stipulates that the listed issuer is encouraged to disclose in its interim report the value of share options granted to the participants. The Directors consider inappropriate to value the share options as a number of factors critical for the valuation cannot be determined accurately. Any valuation of the share options based on various speculative assumptions would be meaningless and could be misleading to the shareholders.

No share options have been granted by the Company under the 2002 Scheme during the period.

DIRECTORS' INTERESTS

As at 30th September 2003, the interests and short positions of the Directors, Chief Executives and their Associates in the shares 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 maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company 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 of Hong Kong Limited ("SEHK") ("Listing Rules"), were as follows:

Interests in ordinary shares of HK\$0.01 each of the Company

Name	Type of interest	Number of ordinary shares
Mr. LEUNG Lun	Corporate	279,300,000
Mr. LEUNG Chung Ming	Corporate	279,300,000

Note: 279,300,000 ordinary shares in the Company were owned by Lung Cheong Investment Limited ("LC Investment") which is wholly owned by Rare Diamond Limited. Rare Diamond Limited is beneficially owned as to 70% by Mr. Leung Lun and 30% by Mr. Leung Chung Ming respectively. Accordingly, Mr. Leung Lun and Mr. Leung Chung Ming are taken to be interested in those ordinary shares.

Share options granted to Directors are set out in the previous part of this report.

Apart from the above, at no time during the period was the Company, its holding companies or its subsidiaries a party to any arrangements to enable the Directors, Chief Executives or their Associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, as at 30th September 2003, none of the Directors of the Company had or was deemed to have any interest or short position in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company pursuant to the Model Code of the Listing Rules.

Furthermore, at no time during the six months ended 30th September 2003 was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangement to enable the Directors, Chief Executive and their Associates (including their spouses or children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of the Company or any of its associated corporations.