

EXPOSURE TO FOREIGN EXCHANGE

The revenue of the Group is mainly denominated in Hong Kong dollars and the production cost is denominated in HK and US dollars, therefore the Group is not exposed to any foreign currency exchange risk provided Hong Kong's pegged exchange rate system remains unchanged.

CORPORATE GOVERNANCE

The Audit Committee of the Company has reviewed with the statutory auditors of the Group the unaudited interim financial statements for the six months ended 30 September 2003.

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30 September 2003 save that the non-executive directors are not appointed for a specific term of office.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

During the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

At 30 September 2003, the directors, the chief executive and their respective associates had interests in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (SFO) as follows:

Long positions in the shares of the Company

Name of Director	Capacity	Personal Interests	Family Interests	Number of Ordinary Shares		Total	Percentage of Shareholding
				Corporate Interests	Other Interests		
Ching-kwan MA	Beneficiary of discretionary trust	-	-	-	1,531,079,800 (Note1)	1,531,079,800	63.85%
Shun-chuen LAM	Founder of discretionary trust	-	-	-	1,531,079,800 (Note1)	1,531,079,800	63.85%
Siu-leun CHAM	Beneficial owner	165,000	-	-	-	165,000	0.00%

Other than the holdings disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the directors and the chief executive (including their spouses and children under the age of 18) had, as at 30 September 2003, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

Note:

- (1) Such 1,531,079,800 shares are held by Ever Holdings Limited (holding 84,281,880 shares), Tarbela Company Limited (holding 681,037,500 shares), Tarboca Company Limited (holding 517,448,020 shares) and Sermost Limited (holding 248,312,400 shares). Tarbela Company Limited, Tarboca Company Limited and Sermost Limited are the wholly owned subsidiaries of Ever Holdings Limited; Ever Holdings Limited is the wholly owned subsidiary of Magicway Investment Limited; Magicway Investment Limited is the wholly owned subsidiary of Wonderful Star Limited and Wonderful Star Limited is the wholly owned subsidiary of Ma's Holdings Limited. Ma's Family Trust is the sole beneficial owner of Ma's Holdings Limited and Mr. Ching-fat MA is the Trustee of the discretionary trust-Ma's Family Trust. Mr. Ching-kwan MA is one of the beneficiaries of the said discretionary trust and Mr. Shun-chuen LAM is the founder of the discretionary trust. The Company's directors, Mr. Ching-kwan MA being a discretionary beneficiary and Mr. Shun-chuen LAM being a founder of the discretionary trust, are taken to be interested in the shares of the Company and thus are taken to be interested in those 1,531,079,800 shares held by the above mentioned companies.