

### Contingent Liabilities

The Group has no significant contingent liabilities as at the balance sheet date.

### Outlook

General raw material prices are still going upward as a result of boost in oil price and worldwide over-demand; not to mention the hike of operation costs including electricity. Price competition at the expense of quality still proceeds in paper product market. Coming quarters are still full of uncertainties. Having decided to follow strategy of margin preservation, the Group will conduct its business in caution, focusing on orders characterized by high margin. Capital investment will continue under our automation direction, with time and amount being carefully structured to match with the market situation and currency trend. The Group will continue to focus on product development, provide professional advice and add value to our customers. Production logistic enhancement and cost control will remain our attention. Although turnover will be inevitably adjusted, the Group believes we are choosing the right direction and this direction will finally lead us toward ultimate success.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2004, the directors 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:

### (i) Shares

Name of director	Capacity	Number of shares held Personal interest	Percentage of issued share capital
Kan Shiu Cheong, Frederick	Beneficial owner	92,858,000	2.36%
Chan Hoi Lam	Beneficial owner	20,684,000	0.53%
Yau Kang Nam	Beneficial owner	28,000,000	0.71%

**(ii) Underlying Shares**

Name of director	Capacity	Outstanding number of shares issuable under the options granted pursuant to the share option scheme adopted on			Total
		19.02.1992	29.08.2002		
Chan Hoi Lam	Beneficial owner	–	28,000,000	28,000,000	
Yau Kang Nam	Beneficial owner	–	6,000,000	6,000,000	
Jiang Hai Qing	Beneficial owner	10,000,000	10,000,000	20,000,000	

Save as disclosed above, none of the directors or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

## DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30th September, 2004, the following substantial shareholder had interests and short positions as recorded in the register maintained by the Company pursuant to section 336 of the SFO in the shares of the Company:

**Shares**

Name of Shareholder	Capacity	Number of shares held	Percentage of issued share capital
First Century Holdings Limited	Beneficial Owner	2,058,869,889	52.33%