

In April 2004, the Company completed a share placement and raised a net sum of HK\$202 million. The proceeds have been applied as intended for the development of the distribution network in China and the expansion of the production facilities. The net gearing ratio (net debt to equity ratio) was maintaining at a comfortable level of 32.8% as at the period end date.

Regarding the working capital management, the total trade and other receivable turnover day was down from 101 days to 88 days as a result of better receivable management. The inventory turnover day was up from 104 days to 106 days. The inventory turnover day was a reflection of the business model of a vertically integrated manufacturer and distributor. However, the management has formulated plans to shorten the inventory turnover day in order to reduce the working capital requirement. The current ratio is standing at 2.1 times at the period end date.

In view of the cash generating from operations, the management is of the opinion that the Group has adequate cash resources for current business development and capital expenditure requirements.

## NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 30th September, 2004, the Group had a total of approximately 4,000 employees worldwide.

The Group remunerates its employees based on their performance, experience and prevailing industry practice. In addition, the Group has established discretionary bonus and employees share options scheme which are designed to motivate and reward employees to achieve the Group's business performance targets.

## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30th September, 2004, the interests or short positions of the directors of the Company and their 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 Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were 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 ("Model Code") were as follows:

The table below sets out the aggregate long positions in the shares and underlying shares of each director of the Company.

Name of director	Personal interests	Number of ordinary shares			Other interests	Number of underlying shares held under equity derivatives	Total	Percentage of issued share capital
		Family interests	Corporate interests					
Mr. Chau Cham Wong, Patrick	65,631,077	-	286,740,459	68,416,795 (note a)	-	420,788,331	50.43%	
Mr. Leung Yung	-		355,157,254	65,631,077 (note b)	-	420,788,331	50.43%	
Mr. Tsang Kwong Chiu, Kevin	2,098,353	-	-	-	-	2,098,353	0.25%	
Mr. Cheng Kwan Ling	246,904	-	-	-	47,000 (note c)	293,904	0.04%	
Tang Yat Kan	-	120,000 (note d)	-	-	-	120,000	0.01%	

Notes:

- a. Mr. Chau Cham Wong, Patrick was deemed to be interested in 68,416,795 shares for the purposes of section 317 of the SFO, representing the deemed interests in United Success Enterprises Limited ("United Success") in respect of its holdings pursuant to a placing and subscription completed in April 2004 (the "Placing and Top Up"). As a result of the foregoing, Mr. Chau Cham Wong, Patrick was deemed to be interested in a total of 420,788,331 shares of the Company.
- b. Mr. Leung Yung has 49.55% voting control of A-ONE INVESTMENTS LIMITED and 100% voting control of United Success, both of which are vendors acting in concert with him in the Placing and Top Up. He was deemed to be interested in 65,631,077 shares of the Company for the purposes of section 317 of the SFO. Consequently, Mr. Leung Yung was deemed to be interested in a total of 420,788,331 shares of the Company.
- c. Mr. Cheng Kwan Ling's interests in 47,000 shares of the Company arose through holding warrants of the Company.
- d. Mr. Tang Yat Kan was deemed to be interested in 120,000 shares of the Company as these shares are held by his spouse (who was not a director of the Company).

Save as disclosed above and other than certain nominee shares in subsidiaries of the Company being held by the directors in trust for the Company, as at 30th September, 2004, none of the directors of the Company 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) and during the six months ended 30th September, 2004, none of the directors of the Company, or their spouse or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights by any of them, 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.

## SHARE OPTION SCHEME

Share options are granted to the directors, employees and other eligible persons under the share option scheme (the "Scheme") of the Company adopted on 24th January, 2002. Particulars of the share options outstanding during the period and as at 30th September, 2004 are as follows:

Participants	Number of share options		Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$	Price of Company's shares at grant date of options HK\$
	as at 31st March, 2004	and as at 30th September, 2003				
Employees in aggregate	20,000		23/08/2002	23/02/2003 to 23/02/2006	0.2	0.202

No options was granted, exercised, cancelled or lapsed under the Scheme during the period.