

Exposure to exchange rate fluctuation

As at 30th June 2005, purchases and sales of the Group were mainly denominated in Hong Kong dollars, Renminbi, New Taiwan dollars and US dollars. In view of the stability of these currencies, the Directors consider that the Group has no significant exposure to foreign exchange fluctuation.

Employees and remuneration policy

As at 30th June 2005, the Group employed approximately 15 staff in Hong Kong and Taiwan offices and had approximately 4,000 workers working in the Group's processing bases in Mainland China. Besides offering competitive remuneration packages to the employees, discretionary bonuses may also be granted to the eligible employees based on the Group's and the individual's performance.

Significant investment

For the six months ended 30th June 2005, the Group had not made significant investment.

Material acquisitions and disposals of subsidiaries

There were no material acquisition and disposal of subsidiaries during the six months ended 30th June 2005.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company adopted the Share Option Scheme (the "Scheme") on 10th June 2003 for the purpose of providing incentives or rewarded to selected eligible participants for their contribution to the Group, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Under the terms of the Scheme, the Directors of the Company may grant share options to employees of the Company or its subsidiaries, including Directors of any of such companies, to subscribe for shares in the Company subject to the terms and conditions stipulated therein. However, no share options were granted during the period or outstanding as at 30th June 2005.