

DIRECTORS' INTERESTS IN SHARE CAPITAL

Details of the interests of the directors and their associates in the ordinary shares of the Company as at 31 August 2001 as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Number of ordinary shares held			
	Personal Interest	Family Interest	Corporate Interest	Other Interest
Tse Tat Fung, Tommy	—	—	126,587,325(i)	69,364,210(ii)

Notes:

- i. These ordinary shares were held through Blink Technology Limited ("Blink Technology"), a company beneficially owned by Mr. Tse Tat Fung, Tommy.
- ii. Blink Technology acquired the rights, title and interest in various financing documents under which these ordinary shares, representing shares of which Mr. Tse Sui Luen has personal interest, were charged. Accordingly, Mr. Tse Tat Fung, Tommy is deemed to be interested in these ordinary shares.

As at 31 August 2001, under the Company's share options scheme adopted on 20 August 1993, options to subscribe for shares in the Company have been granted to the following directors:

	Date of grant	Exercise period	Exercise price (HK\$)	Number of share options outstanding as at 31 August 2001
Tse Tat Fung, Tommy	21 July 1997	21 January 1998 to 21 July 2002	2.79	2,152,500
Leung Yit Kuen, Raymond	21 July 1997	21 January 1998 to 21 July 2002	2.79	2,152,500
	15 September 1999	15 March 2000 to 19 August 2003	0.25	6,647,500

The consideration paid by each Director for options granted each time was HK\$10. None of the directors had exercised any share options to subscribe for shares in the Company during the six months ended 31 August 2001.

DIRECTORS' INTERESTS IN SHARE CAPITAL *(continued)*

Save as disclosed above and other than certain nominee shares in subsidiaries held by directors in trust for the Company or its subsidiaries, none of directors and chief executives, or their associates, had any interest in the securities of the Company or its associated corporations as defined in the SDI Ordinance, and none of the directors or the chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 31 August 2001, according to the register maintained by the Company pursuant to section 16(1) of the SDI Ordinance, the following shareholders were interested in 10% or more of the Company's issued ordinary share capital:

Name	Number of ordinary shares held	
	Direct Interest	Deemed Interest
Tse Sui Luen	69,364,210 (<i>Note</i>)	—
Blink Technology Limited	126,587,325	69,364,210 (<i>Note</i>)

Note: Blink Technology acquired the rights, title and interest in various financing documents under which these ordinary shares, representing shares of which Mr. Tse Sui Luen has personal interest, were charged. Accordingly, Blink Technology is deemed to be interested in these ordinary shares.

Other than the above and those interests disclosed above in respect of the directors under "Directors' Interests in Share Capital", at 31 August 2001, the Company had not been notified of any other interests representing 10% or more of this issued ordinary share capital of the Company.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 August 2001, the total number of employees of the Group was approximately 900. Compared with the last Annual Report, the increase in headcount was mainly due to the increase of production staff in Beijing and Thailand. Employees are rewarded on a performance basis with reference to market practice. Other employee benefits include medical cover and subsidies for job-related education as well as an employee share option scheme.

Staff is provided with on-the-job training and formal job-related training by sharing of experiences of seniors and by outside professional trainers.



PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

AUDIT COMMITTEE

The Company has an audit committee comprising Messrs. Robert Chui Chi Yun, Martin Hong Po Kui, Gerald Clive Dobby and Francis Lui Pui Kee (as alternate to Mr. Gerald Clive Dobby), all are independent non-executive directors. The committee reviews the interim and final reports of the Group and meets to review and discuss the internal controls and other relevant matters of the Group from time to time as required.

CORPORATE GOVERNANCE

This interim report has been reviewed by the audit committee of the Board. During the period under review, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board
Tse Tat Fung, Tommy
Chairman

Hong Kong, 23rd November, 2001