

Closure of Members Register

The Register of Members of the Company will be closed from 14 January 2002 to 18 January 2002, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Standard Registrars Limited, 5/F., Wing On Centre, 111 Connaught Road Central, Hong Kong, for registration not later than 4:00 p.m. on 11 January 2002.

Directors' Interest in Shares

As at 30 September 2001, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of ordinary shares held		
	Personal interests	Family interests	Corporate interests
Mr. Lu Sin	4,400,000	2,589,500	57,553,445 (Note)
Mr. Lui Chi Lung	947,884	—	—
Mr. Wong Ker Lee	1,812,000	—	—
Mr. Gan Khai Choon	—	—	—
Mr. Lu Yong Lee	—	—	—
Mr. Lee Ka Sze, Carmelo	—	—	—

Note: Including 47,203,445 shares held by Kian Nan Financial Limited as mentioned in substantial shareholders' interests below and 10,350,000 shares held by Earngold Limited in which Mr. Lu Sin has a controlling interest.

Other than as disclosed above, none of the directors or chief executives of the Company, nor their associates, had any interest in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executives of the Company, nor their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the half year.

Directors' Rights to Acquire Shares or Debentures

At no time during the half year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders

As at 30 September 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest in 10 percent or more in the issued share capital of the Company:

Substantial Shareholders	Number of ordinary shares held	
	Direct interest	Indirect interest
Kian Nan Financial Limited	47,203,445	—
Eaver Company Limited	2,007,628	47,203,445 (<i>Note</i>)
Lusin And Company Limited	—	47,203,445 (<i>Note</i>)

Note: All indirect interests duplicate the direct interests attributable to Kian Nan Financial Limited and arise by virtue of the direct interests of Eaver Company Limited and Lusin And Company Limited in Kian Nan Financial Limited such that Eaver Company Limited and Lusin And Company Limited are deemed to have an interest in such 47,203,445 ordinary shares under Section 8 of the SDI Ordinance.

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more in the issued share capital as at 30 September 2001.

Retirement of Director

Mr. Chow Ming Shan retired as a Non-executive director of the Company on 30 August 2001 for personal reasons. The Board would like to thank Mr. Chow for his valuable contribution to the Company in the past.

Liquidity and Financial Resources

The financial position of the Group remains healthy. For the period under review, the net cash generated from the Group's operating activities amounted to HK\$30.2 million. Total bank borrowings as at 30 September 2001 had reduced by HK\$33.7 million to HK\$119.1 million since 31 March 2001 and the finance cost for the period decreased by HK\$2.3 million compared to last corresponding period. The interest cover continued to improve from 5.85 times for last financial year to 8.25 times for this period.

As at 30 September 2001, the Group's liquidity ratio was 0.48 times (31.3.2001: 0.40 times) while the Group's gearing ratio calculated on the basis of the Group's net borrowings over shareholders' funds continued to improve from 12.5% at 31 March 2001 to 9.8% at 30 September 2001.

Employees

The Group employs approximately 97 employees. Employees' cost (excluding directors' emoluments) reduced by 6.5% to HK\$11,571,000 (six months ended 30.9.2000: HK\$12,379,000) for the period. The Group ensures that the pay levels of employees are competitive and salaries of employees are adjusted each year. The Group does not have any employees share option scheme.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

Code of Best Practice

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not, for any part of the six months ended 30 September 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

By Order of the Board

Lu Sin

Chairman

Hong Kong, 21 December 2001