

SHARE OPTION SCHEME

Share options are granted to the directors and employees under the Share Option Scheme adopted by the Company on 2 September 2002. There are no changes in any terms of the scheme during the six months ended 30 September 2003. The details of the scheme were disclosed in the 2003 annual report.

Details of the share options outstanding as at 30 September 2003 under the scheme are as follows:

Name	Number of share options				At 30 September 2003	Date of grant of share options	Exercise price of share options HK\$	Exercisable Period
	At 1 April 2003	Exercised during the interim period	Lapsed during the interim period	Cancelled during the interim period				
Tai Tak Fung, Stephen	300,000	-	-	-	300,000	11 February 2003	2.955	1 August 2003 to 31 January 2005
Wu Mei Yung, Quinly	300,000	-	-	-	300,000	11 February 2003	2.955	1 August 2003 to 31 January 2005
Yip Wai Keung	300,000	-	-	-	300,000	11 February 2003	2.955	1 August 2003 to 31 January 2005
Wu Wing Bui	300,000	-	-	-	300,000	11 February 2003	2.955	1 August 2003 to 31 January 2005
Man Wing Cheung, Ellis	300,000	-	-	-	300,000	11 February 2003	2.955	1 August 2003 to 31 January 2005
Tsunao Kijima	300,000	-	-	-	300,000	11 February 2003	2.955	1 August 2003 to 31 January 2005
Leung Mei Han	300,000	-	-	-	300,000	11 February 2003	2.955	1 August 2003 to 31 January 2005
Chan Yuk Sang, Peter	300,000	-	-	-	300,000	11 February 2003	2.955	1 August 2003 to 31 January 2005
All other employees	3,700,000	-	300,000	-	3,400,000	11 February 2003	2.955	1 August 2003 to 31 January 2005
Grand Total	<u>6,100,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>5,800,000</u>			

Save as disclosed above, during the six months ended 30 September 2003, none of the directors, chief executives, substantial shareholders, their respective associates or employees of the Company was granted or holding options to subscribe for shares in the company or had exercised such rights.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and facilities granted by its principal bankers. As at 30 September 2003, the Group had banking facilities of HK\$1,194,030,000 of which 34% had been utilised. The Group had a gearing ratio of 0.74 as at 30 September 2003. This is expressed as total bank borrowings to shareholders' funds. Bank borrowings of the Group, denominated in either Hong Kong dollar, Japanese Yen or US dollar currencies, mainly comprise trust receipts loans and bank loans (the "Interest-Bearing Bank Borrowings") at prevailing market interest rates. The Interest-Bearing Bank Borrowings which are classified as current liabilities are repayable within one year and the Interest-Bearing Bank Borrowings in non-current liabilities are repayable within two to five years. As at 30 September 2003, the Group held cash and cash equivalents of HK\$131,549,000. During the period, the Group placed excess short term funds in short-term currency-link deposits with banks and earned interests amounting to HK\$15,612,000. As at 30 September 2003, HK\$199,164,000 of short-term currency-link deposits were placed in the banks. There were no significant changes in the Group's contingent liabilities and no charges on the Group's assets during the period under review.

STAFF EMPLOYMENT

The total number of employees of the Group as at 30 September 2003 was 2,139. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. The Group operates a mandatory provident fund scheme which covers all the employees of the Group.

The Company adopted a share option scheme on 2 September 2002. 2,400,000 and 3,700,000 share options were granted to the directors (including executive directors and independent non-executive directors) and employees, respectively, on 11 February 2003 at the exercise price of HK\$2.955. Except for 300,000 share options granted to the employees which lapsed, no share options were granted, lapsed, cancelled or exercised during the period under review.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

CODE OF BEST PRACTICE

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited, except that the non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's Articles of Association.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code of Best Practice, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises two of the independent non-executive directors of the Company.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2003.

On behalf of the Board
Dr. TAI Tak Fung, Stephen, JP
Chairman

Hong Kong, 18 December 2003