

Corporate Governance

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31 December 2000, the Directors and their associates had the following beneficial interests in the share capital of the Company as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") of Hong Kong:

Name of director	Number of shares of HK\$0.10 each in the Company		
	Personal Interests	Family Interests	Total
David So Cheung Sing	12,060,000	15,064,000	27,124,000
Marcus Tsang Ming Pui	15,860,646	–	15,860,646
Wilson Tam Kam Ho	6,000,000	–	6,000,000
Johnny Ng Ho Kin	11,565,087	346,500	11,911,587
Kong Do Chak	6,370,000	–	6,370,000
Canice Chung Tai Keung	–	–	–
Peter Lee Yip Wah	–	–	–
Eugene Lee	–	–	–

Certain of the Company's Directors and their associates also held shares in Elec & Eltek International Company Limited ("EEICL"), an associated company of the Company and shares of which are listed on The Singapore Exchange Securities Trading Limited, as follows:

Name of director	Number of shares of S\$0.80 each in EEICL		
	Personal Interests	Family Interests	Total
David So Cheung Sing	–	450,000	450,000
Marcus Tsang Ming Pui	–	450,000	450,000
Wilson Tam Kam Ho	–	250,000	250,000
Johnny Ng Ho Kin	22,000	–	22,000
Kong Do Chak	216,000	–	216,000
Canice Chung Tai Keung	464,000	–	464,000

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At 31 December 2000, the following Director held share options granted under the share option scheme of the Company which are exercisable on the following terms:

Name of director	Number of share options to subscribe shares in the Company	Exercise price per share (HK\$)	Exercise period
Marcus Tsang Ming Pui	3,000,000	0.838	12/04/2000 – 11/04/2001

The number of share options exercised by the Directors and/or lapsed during the six months ended 31 December 2000 were as follows:

Name of director	Number of share options exercised	Number of share options lapsed
David So Cheung Sing	3,000,000	–
Marcus Tsang Ming Pui	–	–
Wilson Tam Kam Ho	3,000,000	–
Johnny Ng Ho Kin	–	–
Kong Do Chak	–	–
Canice Chung Tai Keung	–	–
Peter Lee Yip Wah	–	–
Eugene Lee	–	–

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Certain of the Company's Directors also held the following share options to subscribe for ordinary shares of EEICL. The number of share options in EEICL granted to the Directors were as follows:

Name of director	Number of share options to subscribe shares in EEICL
Johnny Ng Ho Kin	500,000
Kong Do Chak	500,000
Canice Chung Tai Keung	1,383,000
	2,383,000

The share options to subscribe for ordinary shares of EEICL granted to the Directors are exercisable on the following terms:-

Name of director	Number of share options to subscribe shares in EEICL	Exercise price per share (US\$)	Exercise period
Johnny Ng Ho Kin	100,000	5.80	10/04/1999–08/04/2003
	100,000	3.72	20/04/2000–18/04/2004
	150,000	1.57	26/05/2002–24/05/2005
	50,000	1.57	01/01/2003–24/05/2005
	50,000	1.57	01/01/2004–24/05/2005
	50,000	1.57	01/01/2005–24/05/2005
	500,000		
Kong Do Chak	100,000	5.80	10/04/1999–08/04/2003
	100,000	3.72	20/04/2000–18/04/2004
	150,000	1.57	26/05/2002–24/05/2005
	50,000	1.57	01/01/2003–24/05/2005
	50,000	1.57	01/01/2004–24/05/2005
	50,000	1.57	01/01/2005–24/05/2005
	500,000		

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Name of director	Number of share options to subscribe shares in EEICL	Exercise price per share (US\$)	Exercise period
Canice Chung Tai Keung	113,000	5.80	10/04/1999–08/04/2003
	130,000	3.72	20/04/2000–18/04/2004
	600,000	1.57	26/05/2002–24/05/2005
	240,000	1.57	01/01/2003–24/05/2005
	180,000	1.57	01/01/2004–24/05/2005
	120,000	1.57	01/01/2005–24/05/2005
	1,383,000		

Other than nominee shares in certain subsidiaries held by certain Directors in trust for the Company, its subsidiaries or associated companies, no Director held any interests in the share capital of the Company's subsidiaries or associated companies, except as disclosed above. Furthermore, neither any of the Directors or their respective spouse or children under the age of 18 years were granted any rights or options to subscribe for shares in the Company or its associated corporations.

SUBSTANTIAL SHAREHOLDER

At 31 December 2000, the following shareholder, not being a Director of the Company, was interested in 10% or more of the issued share capital of the Company:

	Number of shares held
Elec & Eltek Investments Limited ("EEIL")	434,934,466

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The shareholders of EEIL are as follows:

Name of shareholder	Percentage of shareholding in EEIL
Plenty Gain Limited	30.97%
Champion Oriental Inc.	29.98%
Goldful Holdings Limited	29.98%
Expert Gold Inc.	9.07%
	100.00%

Plenty Gain Limited is ultimately 100% owned by a discretionary trust, the eligible beneficiaries of which include the family members of David So Cheung Sing, other than David So Cheung Sing himself.

Champion Oriental Inc. holds the shares of EEIL as trustee for a unit trust, of which 99.9999948% of its units are owned by a discretionary trust, the eligible beneficiaries of which include the family members of Marcus Tsang Ming Pui, other than Marcus Tsang Ming Pui himself, and the remaining units are owned by Marcus Tsang Ming Pui directly.

Goldful Holdings Limited is ultimately 100% owned by a discretionary trust, the eligible beneficiaries of which include the family members of Wilson Tam Kam Ho, other than Wilson Tam Kam Ho himself.

Expert Gold Inc. holds the shares of EEIL as trustee for a unit trust, of which 99.99998% of its units are owned by a discretionary trust, the eligible beneficiaries of which include the family members of Johnny Ng Ho Kin, other than Johnny Ng Ho Kin himself.

Save for the shares referred above, no person, other than a director of the Company or EEIL whose interests are set out above, had registered an interest in the share capital of the Company that was required to be recorded in the register maintained pursuant to Section 16(1) of the SDI Ordinance.

AUDIT COMMITTEE

The Audit Committee engaged the external auditors to assist the Audit Committee in its review of the interim accounts. The external auditors' review consisted of management enquiries and analytical procedures, but was neither an audit nor a review under the guidelines of SAS 700 issued by the Hong Kong Society of Accountants. On 2 February 2001, the Audit Committee met with the management and the external auditors to review the interim accounts and consider the significant accounting policies, and to discuss with the management the Group's internal control system.

CODE OF BEST PRACTICE

None of the Directors is aware of any 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 as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

During the six months' period ended 31 December 2000, the Company repurchased a total of 1,745,000 shares on The Stock Exchange of Hong Kong Limited, all of which have been cancelled. The particulars of the repurchase of shares are as follows:

Month of Repurchase (month/year)	Number of Shares Repurchased	Price per Share		Total Price (HK\$)
		Highest Price (HK\$)	Lowest Price (HK\$)	
9/2000	1,745,000	0.95	0.85	1,598,550
Total:	1,745,000			1,598,550

Except for the repurchase of shares by the Company referred to above, there was no other purchase, sale or redemption of the Company's listed shares by the Company, or any of its subsidiaries, during the period.