

Additional Information

CORPORATE GOVERNANCE

The Company is committed to high standard of corporate governance. This section describes how the principles of corporate governance are applied to the Company and the Company's compliance with the Code of Best Practice (the "Code of Best Practice") as set out in the Listing Rules of The Stock Exchange of Hong Kong Limited.

Statement of Compliance with the Code of Best Practice

The Company has complied throughout the review period with the Code of Best Practice.

The workings of the Board and its Committees

As at 30 June 2001, the Board comprises thirteen (13) directors, headed by Peter T. C. Lee (Chairman and Managing Director). Sir David Akers-Jones serves as (independent) non-executive Deputy Chairman. There is a majority of non-executive directors on the Board, with a wide range of experience and calibre who bring valuable judgment on issues of strategy, performance and resources.

The Board meets at least quarterly, reviewing trading performance, ensuring adequate funding and monitoring strategy. To enable the Board to discharge its duties, all Directors receive appropriate and timely information.

The Board has delegated certain responsibilities to Board Committees, which operate within defined terms of reference. A 100% of non-executive membership of the principal corporate governance committees (Audit and Remuneration) is retained.

The Audit Committee which is chaired by Sir David Akers-Jones, its other current members being Per Jorgensen and Chien Lee, meets not less than twice per annum. The Committee provides a forum of reporting by the Group's external auditors. Meetings are also attended, by invitation, by the Managing Director and the Chief Financial Officer.

The Audit Committee is responsible for reviewing a wide range of matters including the half-year and annual accounts before their submission to the Board, monitoring the controls which are in force to ensure the integrity of information reported to the shareholders, and overseeing compliance generally.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2001, the interests of the Directors and Alternate Directors in the ordinary shares 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	No. of shares held				Total
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
Peter Ting Chang LEE	2,000,000	–	3,960,635 <i>(Note 1)</i>	–	5,960,635
Fa-kuang HU	–	–	255,012 <i>(Note 2)</i>	–	255,012
Hans Michael JEBSEN	60,000	–	2,432,914 <i>(Note 1)</i>	–	2,492,914
Per JORGENSEN	6,678	–	–	–	6,678
Chien LEE	970,000	–	3,960,635 <i>(Note 1)</i>	3,750,000 <i>(Note 3)</i>	8,680,635
Michael Tze Hau LEE	1,023,233	–	–	–	1,023,233
Deanna Ruth Tak Yung RUDGARD	1,871,600	–	–	–	1,871,600
Pauline Wah Ling YU WONG	254,000	–	–	–	254,000
Michael Chi Kung MOY	–	131,565 <i>(Note 4)</i>	–	–	131,565
Geoffrey Meou-tsen YEH	–	–	1,000 <i>(Note 1)</i>	–	1,000
V-nee YEH (Alternate to Geoffrey Meou-tsen YEH)	42,620	–	83,326 <i>(Note 1)</i>	–	125,946

Notes:

- (1) Such shares were held through corporations in which the respective Directors were members entitled to exercise one-third or more of the voting power at general meetings.
- (2) Such shares were held by a company which was wholly-owned by Mr. Fa-kuang HU and thus Mr. HU was deemed to have a beneficial interest in all these shares.
- (3) Such shares were held through a discretionary trust of which Mr. Chien LEE was a beneficiary.
- (4) These shares were held by Mrs. Moy and thus Mr. Michael Chi Kung Moy was deemed to have interest in them.

As at 30 June 2001, certain Directors had personal interests in options to subscribe for ordinary shares in the Company granted under the Company’s Executive Share Option Scheme, details of which are set out below under “Executive Share Options”.

Apart from the above, as at 30 June 2001, there was no other interests or rights recorded in the register required to be kept under Section 29 of the SDI Ordinance.

EXECUTIVE SHARE OPTIONS

On 28 April 1995, an Executive Share Option Scheme (the “Scheme”) was approved by the shareholders under which the Directors may, at their discretion, offer any employee (including any Director) of the Company or of any of its wholly-owned subsidiaries options to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated in the Scheme.

At 30 June 2001, the following Executive Share Options granted by the Company to Directors to subscribe for ordinary shares of the Company, were outstanding and had not yet been exercised:

Name	Date of Grant	Exercise Price per Share (HK\$)	Exercise Period	Number of Options as at 1.1.2001	Number of Options Granted	
					Between 1.1.2001 and 30.6.2001	Number of Options as at 30.6.2001
Directors						
Peter Ting Chang LEE	7 January 1999	9.22	7 January 2001 to 6 January 2009	1,350,000	-	1,350,000
Pauline Wah Ling YU WONG	3 May 1995	13.46	3 May 1997 to 2 May 2005	900,000	-	900,000
Michael Chi Kung MOY	23 December 1999	7.54	23 December 2001 to 22 December 2009	1,200,000	-	1,200,000

The consideration paid on each grant of option was HK\$1.

During the period under review, certain options granted to Mr. Hon Chiu Lee, former chairman of the Company, to subscribe for 1,125,000 shares of the Company had lapsed on his retirement.

Apart from the Scheme, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debenture of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDER

The register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that as at 30 June 2001, the Company has been notified of the following interests, being ten per cent (10%) or more of the Company's issued share capital:

	No. of shares
Lee Hysan Estate Company, Limited and certain of its subsidiaries	429,046,912

These interests are in addition to those disclosed above in respect of the Directors.

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

The Company periodically repurchases its ordinary shares when they are significantly undervalued in order to enhance shareholder value. During the six months ended 30 June 2001, the Company repurchased an aggregate of 3,381,000 ordinary shares at the total consideration of HK\$33,810,136 on The Stock Exchange of Hong Kong Limited.

Save as disclosed above, neither the Company nor its subsidiaries had repurchased, sold or redeemed any of the Company's listed securities during the review period.