

Other investment

iShowFlat Limited (“ISF”) whose principal business is the provision of high-tech integrated property services through ishowflat.com has extended its business presences and has established branch offices in Guangzhou and Singapore to procure further business opportunities. The Group foresees that this investment can enhance Total Property Services to be provided by the Group, and in particular, in the area of sales and marketing of the property markets in the PRC and South East Asia.

PARTICULARS OF SHARES HELD BY DIRECTORS AND CHIEF EXECUTIVES AND ASSOCIATES

As at 30 September 2001, the directors, chief executives and their associates had the following interests in the share capital of the Company or any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”) which require notification pursuant to Section 28 of the SDI Ordinance or the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) or as recorded in the register maintained pursuant to Section 29 of the SDI Ordinance:

(a) The Company

Director	Number of ordinary shares beneficially held		
	Personal interest	Corporate interest	Family interest
Leung Tze Hang, David	63,386,435	—	—
Law Chuen Lam, Edward	22,108,065	—	—
Au-Yeung Yok Cho	10,173,125	—	—
Po Kam Hi, John	12,335,000	—	—
Chan Sing Fai (Note 1)	165,275,000	566,666,667 (Note 2)	—
Fong Chun Fat (Note 1)	40,452,000	8,586,150 (Note 3)	—
Lee Ying Wah, Alfred Augustine	6,031,505	—	8,000,000 (Note 4)

(b) Total Logistics Services Limited

Director	Number of ordinary shares beneficially held	
	Personal interest	Corporate interest
Po Kam Hi, John	–	4,004,800 (Note 5)

Notes:

1. Messrs. Chan Sing Fai and Fong Chun Fat have resigned as directors of the Company with effect from 1 December 2001.
2. These shares are registered in the name of Golden Jade Holdings Limited which is wholly-owned by Mr. Chan Sing Fai and his spouse.
3. These shares are registered in the name of Bedford Star Limited. Mr. Fong Chun Fat and his family are eligible objects of a discretionary trust of which Bedford Star Limited is acting as a trustee.
4. These shares are held by the spouse of Mr. Lee Ying Wah, Alfred Augustine.
5. Total Logistics Services Limited is an associated corporation, within the meaning of the SDI Ordinance, of the Company. These shares are registered in the name of New Mileage Limited which is wholly-owned by Mr. Po Kam Hi, John.

Save as disclosed above, none of the directors, chief executives or their associates had any beneficial or non-beneficial interests in the share capital of the Company or its associated corporation required to be disclosed pursuant to the SDI Ordinance and the Model Code.

DIRECTORS' AND CHIEF EXECUTIVES' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the share option scheme adopted by the Company on 13 August 1998 (the "Option Scheme") which has expired on 13 August 2001, the directors of the Company may, at their discretion, invite employees and directors of the Group, to take up options to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. The share options (the "Share Options") granted pursuant to the Option Scheme are exercisable within any time after 3 months from the respective dates of acceptance up to (i) 3 years from the respective dates of acceptance of the Share Options or (ii) a period of 6 months following the respective dates on which the grantees cease to be eligible employees of the Group, whichever is earlier.

No share options were exercised by the directors of the Company during the six months ended 30 September 2001.

Details of the Share Options granted to the directors of the Company during the six months ended 30 September 2001 pursuant to the Option Scheme are as follows:

Director	Date of grant	Exercise price	Number of ordinary shares to be issued upon exercise of the Share Options		
			Balance at 1 April 2001	Granted during the period	Balance at 30 September 2001
Leung Tze Hang, David	5 June 2000	HK\$0.046	130,000,000	–	130,000,000
	8 June 2001	HK\$0.010	–	35,000,000	35,000,000
Law Chuen Lam, Edward	5 June 2000	HK\$0.046	90,000,000	–	90,000,000
	8 June 2001	HK\$0.010	–	25,000,000	25,000,000
Au-Yeung Yok Cho	5 June 2000	HK\$0.046	50,000,000	–	50,000,000
	8 June 2001	HK\$0.010	–	25,000,000	25,000,000
Po Kam Hi, John	8 June 2001	HK\$0.010	–	25,000,000	25,000,000
Chan Sing Fai (Note)	5 June 2000	HK\$0.046	130,000,000	–	130,000,000
	8 June 2001	HK\$0.010	–	35,000,000	35,000,000
Fong Chun Fat (Note)	5 June 2000	HK\$0.046	50,000,000	–	50,000,000
	8 June 2001	HK\$0.010	–	25,000,000	25,000,000
Chan Wing Fai (Note)	21 January 2000	HK\$0.188	40,000,000	–	40,000,000
	5 June 2000	HK\$0.046	20,000,000	–	20,000,000
	8 June 2001	HK\$0.010	–	25,000,000	25,000,000
Lee Ying Wah, Alfred Augustine	21 January 2000	HK\$0.188	4,000,000	–	4,000,000
	27 April 2000	HK\$0.054	6,000,000	–	6,000,000
	8 June 2001	HK\$0.010	–	15,000,000	15,000,000

Apart from the above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means in the acquisition of shares in or debentures of the Company or any other body corporate.

Note: Messrs. Chan Sing Fai, Fong Chun Fat and Chan Wing Fai have resigned as directors of the Company with effect from 1 December 2001.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that no shareholders were interested in 10% or more of the issued share capital of the Company as at 30 September 2001.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

Including the directors of the Company, as at 30 September 2001, the Group employed a total of 61 full-time employees. Remuneration packages comprised salary and year-end bonuses based on individual merits.

The Company has adopted a share option scheme with details stated under the heading of “Directors’ and Chief Executives’ Benefits from rights to acquire Shares or Debentures”. During the six months ended 30 September 2001, a total of 350,000,000 share options were granted to the employees of the Group under the option scheme and 84,400,000 share options had lapsed in accordance with the terms of the option scheme as the grantees ceased to be entitled to hold those options and as at 30 September 2001, 1,127,600,000 share options were outstanding.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

During the six months ended 30 September 2001, the Code of Best Practice has been complied with by the Company except that non-executive directors are not appointed for a specific term as recommended under Appendix 14 of the Listing Rules. According to the Bye-laws of the Company, non-executive directors of the Company will retire by rotation every year and their appointments will be reviewed when they are due for re-election. In the opinion of the directors, this meets the same objectives of the Code of Best Practice.

DISCLOSURE UNDER PRACTICE NOTE 19 OF THE LISTING RULES

The following information is disclosed in accordance with Practice Note 19 of the Listing Rules:

- (a) In March 2001, the Group disposed of its entire shareholding interest in AWT Shipping Limited (“AWT Shipping”), a company which is engaged in shipping business and was 50% owned with the control of the composition of its board of directors by the Group, to Best Start Trading Limited (“Best Start”), an independent party of the Group. Concurrently, agreement had also been made for the sale from the Group to Best Start of the loan due by AWT Shipping to the Group in consideration of HK\$11,500,000, with payment of the consideration to be made by Best Start to the Group by six monthly instalments commencing from March 2001. Pursuant to the subsequent agreement made between the Group and Best Start, payment of the outstanding balance of the consideration had been rescheduled to be made by five monthly instalments commencing from October 2001. As at 30 September 2001, the outstanding balance of the consideration was approximately HK\$4,409,000 which is unsecured and bears interest at 1% per month on the remaining principal balance.

As at 30 September 2001, a fixed deposit of the Company amounting to approximately HK\$5,980,000 was pledged to a bank as a security for guarantee granted by the bank on behalf of AWT Shipping to a leasing company to the extent of US\$755,000 (the “Guarantee”). The Guarantee was arranged when AWT Shipping was a subsidiary of the Company. Best Start also agreed to release the guarantee liability of the Company by placing a fixed deposit of HK\$5,980,000 to the bank or by paying HK\$5,980,000 directly to the leasing company. The completion of such arrangement which was originally scheduled in November 2001 has been extended to March 2002.

(b) As at 30 September 2001, the Group has an outstanding advance together with accrued interest of approximately HK\$14,696,000 (the “Advance”) due by NSB International Limited (“NSB”), a company in which the Group holds 9% interest as a long-term investment. NSB and its subsidiaries are principally engaged in cyber media and related business and the Advance was made to NSB to develop and expand this business. The Advance is unsecured, repayable on demand and bears an interest rate of 1% per month up to 31 March 2001.

Due to the cooling down of the internet business, there is doubtful on the recoverability of the Advance, full provision was made in the accounts.

By Order of the Board
Leung Tze Hang, David
Managing Director

Hong Kong, 27 December 2001