

## Additional Information

### CORPORATE GOVERNANCE

The Board of Directors is committed to maintaining a high standard of corporate governance. The Company has complied throughout the review period with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Board aims to continually review and enhance corporate governance practices in the light of international best practices, in addition to complying with applicable statutory requirements.

### BOARD EFFECTIVENESS

The Board currently comprises twelve (12) Directors, Peter T. C. Lee, Chairman, Michael T.H. Lee, Managing Director, Pauline W. L. Yu Wong, Director, Property and Michael C.K. Moy, Chief Financial Officer and Director and eight other non-executive Directors. 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 structure was further strengthened by the appointment of Michael T.H. Lee as Managing Director effective 3 June 2003, segregating the roles of Chairman and Managing Director. The Chairman will continue to focus on Group strategic and Board issues. Managing Director will have the overall chief executive responsibility for Group operations and developments generally.

The Board meets at least quarterly, reviewing trading performance, ensuring adequate funding and monitoring strategy. An important element of the Board's corporate governance programme is the continuous improvement in the quality and timeliness of the dissemination of information to Directors. At least quarterly, Directors are provided with comprehensive reports on the management's strategic plans, updates by business unit heads on their lines of business, financial objectives, plans and actions.

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 Emoluments Review), with a majority of independent non-executive Directors, is retained. During the period, following every committee meeting, committee chairs report to the Board on the activities of their respective committees.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and advises the Board on corporate governance and compliance matters.

### Audit Committee

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 Committee oversees the financial reporting process. In this process, management is primarily responsible for the preparation of Group financial statements including the selection of suitable accounting policies. External auditors are responsible for auditing and attesting to Group financial statements and evaluating Group system of internal controls. The Committee oversees the respective work of management and external auditors to endorse the processes and safeguards employed by them. The Committee has reviewed and discussed with management and external auditors the (unaudited) condensed consolidated financial statements for the first six months of 2003 included in this Report.

## Additional Information

### Emoluments Review Committee

The Group's Emoluments Review Committee is also chaired by Sir David Akers-Jones. Other members are F. K. Hu and Geoffrey M. T. Yeh.

The function of the Committee is to review and determine the remuneration of the executive Directors. The Chairman makes recommendations to the Committee on the Company's framework for, and cost of, executive Director remuneration and the Committee then reviews these recommendations. On matters other than those concerning him, the Chairman may be invited to Committee meetings. No Director is involved in deciding his own remuneration.

### DIRECTORS' INTERESTS IN SHARES

As at 30 June 2003, the interests and short positions of the Directors and Alternate Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), are set out below:

#### Interests in Shares of the Company

Name	Personal Interests	Family Interests	No. of shares held		Total	% of the issued share capital
			Corporate Interests	Other Interests		
Peter Ting Chang Lee	2,000,000	—	4,083,823 <i>(Note 1)</i>	—	6,083,823	0.585
Fa-kuang Hu	—	—	255,012 <i>(Note 2)</i>	—	255,012	0.025
Hans Michael Jebesen	60,000	—	2,432,914 <i>(Note 1)</i>	—	2,492,914	0.240
Per Jorgensen	6,678	—	—	—	6,678	0.0006
Chien Lee	970,000	—	4,083,823 <i>(Note 1)</i>	3,750,000 <i>(Note 3)</i>	8,803,823	0.846
Michael Tze Hau Lee	1,023,233	—	—	—	1,023,233	0.098
Michael Chi Kung Moy	—	131,565 <i>(Note 4)</i>	—	—	131,565	0.013
Deanna Ruth Tak Yung Rudgard	1,871,600	—	—	—	1,871,600	0.180
Pauline Wah Ling Yu Wong	254,000	—	—	—	254,000	0.024
Geoffrey Meou-tsen Yeh	249,619	—	1,000 <i>(Note 1)</i>	—	250,619	0.024
V-nee Yeh (Alternate to Geoffrey Meou-tsen Yeh)	43,259	—	84,575 <i>(Note 1)</i>	—	127,834	0.012

All interests stated above represent long positions.

Certain executive Directors of the Company have been granted share options under the Company's Executive Share Option Scheme (details are set out under "Executive Share Options" below). These constitute interests in underlying shares of equity derivatives of the Company under the SFO.

*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. Corporate interests of Peter Ting Chang Lee and Chien Lee relate to the same corporation.
- (2) Such shares were held by a company which was wholly-owned by Fa-kuang Hu and he was deemed to have beneficial interests in all these shares.
- (3) Such shares were held through a discretionary trust of which Chien Lee was a beneficiary.
- (4) These shares were held by the wife of Michael Chi Kung Moy who was therefore deemed to have interest in them.

### Executive Share Options

The Company operates an Executive Share Option Scheme (the "Scheme") under which options may be granted to employees of the Company or any of its wholly-owned subsidiaries to subscribe for ordinary shares of the Company, thereby strengthening the links between individual staff and shareholder interests. Approved by shareholders on 28 April 1995, the Scheme has a term of ten years. The maximum number of shares in respect of which options may be granted under the Scheme (together with shares issued and issuable under the Scheme) is three per cent of the issued share capital of the Company (excluding shares issued pursuant to the Scheme) from time to time.

As at 30 June 2003, Scheme participants were executive Directors of the Company with shares issuable under options granted representing less than 0.4% of the then issued share capital of the Company. Options expiring, granted and outstanding to them are as follows:

Name	Balance as at 1.1.2003	Date of grant	Changes During the Period			Balance as at 30.6.2003	Exercise price (HK\$)	Exercisable period
			Cancelled/ Lapsed	Granted	Exercised			
Peter Ting Chang Lee	1,350,000	7.1.99	NIL	NIL	NIL	1,350,000	9.22	7.1.01-6.1.09
Pauline Wah Ling Yu Wong	900,000	3.5.95	NIL	NIL	NIL	900,000	13.46	3.5.97-2.5.05
Michael Chi Kung Moy	1,200,000	23.12.99	NIL	NIL	NIL	1,200,000	7.54	23.12.01-22.12.09

All options referred to above are subject to a five-year vesting period and a bar on the exercise of options within the first two years of their issue.

During the review period, no options were granted to or were exercised by Directors.

Apart from the Scheme, at no time during the review period 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 debentures of the Company or any other body corporate.

The power of grant to executive Directors is vested in the Emoluments Review Committee and otherwise pursuant to Listing Rules requirements.

## Additional Information

### Interests in Shares of Associated Corporations

Listed below are certain Directors' interests in the shares of Parallel Asia Engineering Company Limited ("PAECL"), a 25% associate of the Company. All interests stated below represent long positions.

Name	No. of shares held	% of the issued share capital
Fa-kuang Hu	5,000 (Note 5)	50
Raymond Liang-ming Hu (Alternate to Fa-kuang Hu)	5,000 (Note 5)	50

Notes:

- (5) Ryoden Development Limited ("Ryoden Development") has a 50% interest in the issued share capital in PAECL through a wholly-owned subsidiary. Fa-kuang Hu and Raymond Liang-ming Hu are deemed to be interested in PAECL by virtue of their interests as beneficiaries of a discretionary trust which has an indirect controlling interest in Ryoden Development.

Apart from the above, no other interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations as at 30 June 2003 were recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the interests or short positions of every person, other than Directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company, were as follows:-

Name	Capacity	No. of shares held	% of the issued share capital
Lee Hysan Estate Company, Limited	Corporate	429,046,912 (Note 1)	41.24
Lee Hysan Company Limited	Corporate	429,046,912 (Note 1)	41.24
The Capital Group Companies, Inc.	Corporate	63,078,604 (Note 2)	6.06
Prudential Asset Management (Hong Kong) Limited	Investment Manager	53,138,000 (Note 3)	5.11
Prudential Corporation Holdings Limited	Corporate	53,138,000 (Note 3)	5.11
Prudential PLC	Corporate	53,138,000 (Note 3)	5.11

All interests stated above represent long positions.

*Notes:*

- (1) These interests represent the same block of shares. Lee Hysan Estate Company, Limited is a wholly-owned subsidiary of Lee Hysan Company Limited.
- (2) These shares are held by The Capital Group Companies, Inc. in the capacity of investment manager and such holding were held via a number of its group subsidiaries.
- (3) These interests represent the same block of shares. Prudential Asset Management (Hong Kong) Limited is a wholly-owned subsidiary of Prudential Corporation Holdings Limited which in turn is a wholly-owned subsidiary of Prudential PLC, as notified under Part XV of the SFO.

Apart from the above, no other interest or short position in the shares or underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 30 June 2003.

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

During the review period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **HUMAN RESOURCES PRACTICES**

The Group aims to attract, retain and motivate high calibre individuals committed to attaining our objectives. The Group's human resources practices are aligned with our corporate objective so as to maximize shareholder value and achieve growth. During the review period, the Group continued to strengthen our performance measurement system, invested in training and fostered our team spirit. All these are towards maximizing our efficiency to deliver shareholder value. As at 30 June 2003, the total number of employees was 552.