

Corporate Governance and Other Information

Directors' and Chief Executive's interests in shares

As at 30th June 2003, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of Directors	Name of company/ associated corporation	Capacity/ Nature of interests	Interests in shares (other than pursuant to equity derivatives) ⁽¹⁾	Interests in underlying shares pursuant to equity derivatives ⁽¹⁾	Total interests in shares/ underlying shares	Approximate aggregate percentage of interests
Mr Horst Julius Pudwill	The Company	Beneficial owner	34,996,000	16,664,000	163,369,897	24.98%
		Interest of spouse	380,000	–		
		Interest of controlled corporation	111,329,897 ⁽²⁾	–		
Mr Roy Chi Ping Chung	The Company	Beneficial owner	56,750,974	6,432,000	81,788,489	12.51%
		Interest of spouse	68,000	–		
		Interest of controlled corporation	18,537,515 ⁽³⁾	–		
Mr Kin Wah Chan	The Company	Beneficial owner	440,000	1,200,000	1,640,000	0.25%
Mr Chi Chung Chan	The Company	Beneficial owner	–	750,000	750,000	0.11%
Dr Akio Urakami	The Company	Beneficial owner	–	600,000	600,000	0.09%
Mr Vincent Ting Kau Cheung	The Company	Beneficial owner	960,000	200,000	1,160,000	0.18%
Mr Joel Arthur Schleicher	The Company	Beneficial owner	100,000	100,000	200,000	0.03%
Mr Christopher Patrick Langley	The Company	Beneficial owner	150,000	100,000	250,000	0.04%

Notes:

(1) Interests in shares and underlying shares stated above represent are long positions.

The equity derivatives are physically settled and unlisted.

The interests of the directors of the Company in the underlying shares pursuant to equity derivatives represent options granted to them pursuant to the share option schemes adopted by the Company, details of which are separately disclosed in the section headed "Share Options" below.

(2) These shares were held by the following companies in which Mr Horst Julius Pudwill has a beneficial interest:

	No. of shares
Sunning Inc.	92,792,382
Cordless Industries Company Limited*	18,537,515
	111,329,897

(3) These shares were held by Cordless Industries Company Limited* in which Mr Roy Chi Ping Chung has a beneficial interest.

* Cordless Industries Company Limited is jointly owned by Messrs Horst Julius Pudwill and Roy Chi Ping Chung.

Save as disclosed above, none of the directors and the chief executive of the Company was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 30th June 2003.

Share Options

The following table discloses movements in the company's share options during the six months period ended 30th June 2003.

Name of Directors	Date share options granted	Share option scheme category ⁽¹⁾	Outstanding at beginning of the period	Granted during the period ⁽²⁾	Exercised during the period ⁽³⁾	Lapsed during the period	Outstanding at end of the period	Subscription price HK\$	Exercise period
Mr Horst Julius Pudwill	6.6.2001	B	800,000	–	–	–	800,000	2.0920	6.6.2001–5.6.2006
	19.6.2001	B	3,000,000	–	–	–	3,000,000	2.2600	19.6.2001–18.6.2006
	5.7.2001	B	1,200,000	–	1,200,000	–	–	2.1480	5.7.2001–4.7.2006
	28.6.2002	C	12,864,000	–	–	–	12,864,000	7.2000	28.6.2002–27.6.2007
Mr Roy Chi Ping Chung	6.6.2001	B	1,000,000	–	1,000,000	–	–	2.0920	6.6.2001–5.6.2006
	19.6.2001	B	1,000,000	–	1,000,000	–	–	2.2600	19.6.2001–18.6.2006
	5.7.2001	B	1,000,000	–	1,000,000	–	–	2.1480	5.7.2001–4.7.2006
	28.6.2002	C	6,432,000	–	–	–	6,432,000	7.2000	28.6.2002–27.6.2007
Mr Kin Wah Chan	30.4.2002	C	300,000	–	300,000	–	–	6.4000	30.4.2002–29.4.2007
	5.7.2002	C	200,000	–	–	–	200,000	6.7000	5.7.2002–4.7.2007
	18.10.2002	C	1,000,000	–	–	–	1,000,000	5.9000	18.10.2002–17.10.2007
Mr Chi Chung Chan	6.6.2001	B	500,000	–	500,000	–	–	2.0920	6.6.2001–5.6.2006
	19.6.2001	B	500,000	–	250,000	–	250,000	2.2600	19.6.2001–18.6.2006
	30.4.2002	C	300,000	–	–	–	300,000	6.4000	30.4.2002–29.4.2007
	5.7.2002	C	200,000	–	–	–	200,000	6.7000	5.7.2002–4.7.2007
Dr Akio Urakami	6.6.2001	B	250,000	–	–	–	250,000	2.0920	6.6.2001–5.6.2006
	30.4.2002	C	250,000	–	–	–	250,000	6.4000	30.4.2002–29.4.2007
	5.7.2002	C	100,000	–	–	–	100,000	6.7000	5.7.2002–4.7.2007
Mr Vincent Ting Kau Cheung	30.4.2002	C	200,000	–	–	–	200,000	6.4000	30.4.2002–29.4.2007
Mr Joel Arthur Schleicher	30.4.2002	C	100,000	–	–	–	100,000	6.4000	30.4.2002–29.4.2007
Mr Christopher Patrick Langley	30.4.2002	C	100,000	–	–	–	100,000	6.4000	30.4.2002–29.4.2007
Total for directors			31,296,000	–	5,250,000	–	26,046,000		
Employees	27.10.1997	A	100,000	–	–	100,000	–	1.1504	27.10.1998–26.10.2007
	20.9.1999	A	100,000	–	–	100,000	–	1.1584	20.9.2000–19.9.2009
	30.12.1999	A	100,000	–	–	100,000	–	0.9776	30.12.2000–29.12.2009
	4.1.2000	A	100,000	–	100,000	–	–	1.0000	4.1.2001–3.1.2010
	8.6.2001	B	750,000	–	250,000	–	500,000	2.1960	8.6.2001–7.6.2006
	23.7.2001	B	3,750,000	–	250,000	–	3,500,000	2.1160	23.7.2001–22.7.2006
	30.4.2002	C	8,625,000	–	2,140,000	525,000	5,960,000	6.4000	30.4.2002–29.4.2007
	31.5.2002	C	250,000	–	175,000	–	75,000	6.9800	31.5.2002–30.5.2007
	5.7.2002	C	1,000,000	–	–	–	1,000,000	6.7000	5.7.2002–4.7.2007
	6.6.2003	C	–	50,000	–	–	50,000	12.0800	6.6.2003–5.6.2008
10.6.2003	C	–	500,000	–	–	500,000	12.3500	10.6.2003–9.6.2008	
Total for employees			14,775,000	550,000	2,915,000	825,000	11,585,000		
			46,071,000	550,000	8,165,000	825,000	37,631,000		
Total under Scheme A			400,000	–	100,000	300,000	–		
Total under Scheme B			13,750,000	–	5,450,000	525,000	7,775,000		
Total under Scheme C			31,921,000	550,000	2,615,000	–	29,856,000		
Total			46,071,000	550,000	8,165,000	825,000	37,631,000		

Notes:

⁽¹⁾ Scheme adopted on 28th November 1990 and expired on 27th November 2000 ("Scheme A").

Scheme adopted on 25th May 2001 and terminated on 28th March 2002 ("Scheme B").

Scheme adopted on 28th March 2002 ("Scheme C").

⁽²⁾ The closing prices of the Company's shares immediately before 6th June 2003, and 10th June 2003, the dates of grant, were HK\$12.15 and HK\$11.95 respectively.

⁽³⁾ The weighted average closing prices of the Company's shares immediately before various dates on which the share options were exercised ranged from HK\$9.03 to HK\$13.20.

⁽⁴⁾ No options were cancelled during the period.

Substantial Shareholders' Interests in Shares

As at 30th June, 2003, the interests and short positions of the following persons, other than directors and chief executive of the Company, in the shares, underlying shares and debentures of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO have been recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name	Total interests in shares ⁽¹⁾	Approximate percentage of interests
J.P. Morgan Chase & Co. ⁽²⁾	65,162,161	9.97%
FMR Corp. ⁽³⁾	45,248,000	6.92%
Ryobi Limited ⁽⁴⁾	36,259,052	5.55%

Notes:

(1) Interests in shares stated above represent long positions.

(2) The following is a breakdown of the interests in shares of J.P. Morgan Chase & Co.:

Name	Remarks	Total interests in shares		Approximate percentage of interests
		Direct interests	Deemed interests	
J.P. Morgan Chase & Co.	(a)	–	65,162,161	9.97%
J.P. Morgan Fleming Asset Management Holdings Inc.	(b)	–	44,444,000	6.80%
J.P. Morgan Fleming Asset Management (Asia) Inc.	(b)	–	44,444,000	6.80%
JF Asset Management Limited	(b)	27,882,000	12,212,000	6.13%
JF Funds Limited	(b)	–	12,212,000	1.87%
JF Asset Management (Taiwan) Limited	(b)	12,212,000	–	1.87%
JF International Management Inc.	(b)	3,860,000	–	0.59%
JF Asset Management (Singapore) Limited	(b)	490,000	–	0.07%
JPMorgan Chase Bank	(b)	20,698,161	20,000	3.17%
J.P. Morgan International Inc.	(b)	–	20,000	0.003%
J.P. Morgan International Finance Limited	(b)	–	20,000	0.003%
J.P. Morgan Holdings (UK) Limited	(b)	–	20,000	0.003%
J.P. Morgan Securities Ltd.	(b)	20,000	–	0.003%

Remarks:

(a) J.P. Morgan Chase & Co. is listed on the New York Stock Exchange.

The capacity of J.P. Morgan Chase & Co. in holding the 65,162,161 shares was, as to 20,000 shares, as Beneficial Owner, as to 44,444,000 shares, as Investment Manager and, as to 20,698,161 shares, as Other.

The 65,162,161 shares included a lending pool of 20,698,161 shares.

(b) J.P. Morgan Fleming Asset Management Holdings Inc., J.P. Morgan Fleming Asset Management (Asia) Inc., JF Asset Management Limited, JF Funds Limited, JF Asset Management (Taiwan) Limited, JF International Management Inc., JF Asset Management (Singapore) Limited, JPMorgan Chase Bank, J.P. Morgan International Inc., J.P. Morgan International Finance Limited, J.P. Morgan Holdings (UK) Limited and J.P. Morgan Securities Ltd., were all direct or indirect subsidiaries of J.P. Morgan Chase & Co. and by virtue of the SFO. J.P. Morgan Chase & Co. was deemed to be interested in the shares held by these subsidiaries.

(3) The capacity of FMR Corp. in holding the 45,248,000 shares was as Investment Manager.

(4) Ryobi Limited is listed on the Tokyo Stock Exchange. The capacity of Ryobi Limited in holding the 36,259,052 shares was as Beneficial Owner.

Save as disclosed above, no person was interested in or had a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO as at 30th June 2003.

Arrangements to Purchase Shares or Debentures

Other than as disclosed above, at no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and neither the directors or the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Directors' Interests in Contracts of Significance

No contract of significance, to which the Company, or any of its subsidiaries, was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Compliance with the Code of Best Practice

None of the Directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not for any part of the period, in compliance with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Listing Rules.

Audit Committee

The Audit Committee is composed of a majority of independent non-executive directors. The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited interim financial statements for the six months ended 30th June 2003.

Purchase, Sales or Redemption of Shares

There has been no purchase, sales or redemption of shares of the Company by the Company or any of its subsidiaries during the period.

By Order of the Board

Horst Julius Pudwill

Chairman and Chief Executive Officer

Hong Kong,
18th August 2003