

## Other Information

### DIRECTORS' INTERESTS

As at 30 June 2005, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities (the "Listing Rules") were as follows:

(a) **Long positions in the shares of the Company**

<b>Directors</b>	<b>Capacity</b>	<b>No. of shares held</b>	<b>Percentage of issued share capital of the Company</b>
Li Dong Sheng	Beneficial owner	23,232,000	0.84%
Zhao Zhong Yao	Beneficial owner	232,000	0.008%

**(b) Long positions in underlying shares of the Company — share options**

The following share options were outstanding under the share option schemes during the period:

Name or category of participant	Number of share options					At 30 June 2005	Date of grant	Exercise price HK\$	Exercise period	Price of Company's shares	
	At 1 January 2005	Granted during the period	Reclassification	Exercised during the period	Lapsed during the period					at grant date <sup>#</sup> HK\$	at date of exercise <sup>*</sup> HK\$
<b>Directors</b>											
<i>Executive directors</i>											
Li Dong Sheng	—	5,000,000	—	—	—	5,000,000	31 May 2005	1.400	Note 4	1.410	N/A
Lu Zhong Li	—	2,500,000	—	—	—	2,500,000	31 May 2005	1.400	Note 4	1.410	N/A
Hu Qiu Sheng	—	2,500,000	—	—	—	2,500,000	31 May 2005	1.400	Note 4	1.410	N/A
Yan Yong	68,000	—	—	—	—	68,000	30 January 2003	2.114	Note 3	2.075	N/A
	—	3,450,000	—	—	—	3,450,000	31 May 2005	1.400	Note 4	1.410	N/A
	68,000	3,450,000	—	—	—	3,518,000					
Zhao Zhong Yao	68,000	—	—	—	—	68,000	30 January 2003	2.114	Note 3	2.075	N/A
	—	3,200,000	—	—	—	3,200,000	31 May 2005	1.400	Note 4	1.410	N/A
	68,000	3,200,000	—	—	—	3,268,000					
Suen Hay Wai <sup>®</sup>	234,000	—	(234,000)	—	—	—	30 January 2003	2.114	Note 3	2.075	N/A
	—	950,000	(950,000)	—	—	—	31 May 2005	1.400	Note 4	1.410	N/A
	234,000	950,000	(1,184,000)	—	—	—					
<i>Non-Executive directors</i>											
Albert Thomas da Rosa, Junior	—	300,000	—	—	—	300,000	31 May 2005	1.400	Note 4	1.410	N/A
Tang Guiliang	—	300,000	—	—	—	300,000	31 May 2005	1.400	Note 4	1.410	N/A
Wang Bing	—	300,000	—	—	—	300,000	31 May 2005	1.400	Note 4	1.410	N/A
Hon Fong Ming	—	300,000	—	—	—	300,000	31 May 2005	1.400	Note 4	1.410	N/A
<b>Other employees</b>	1,894,000	—	—	(809,000)	(1,085,000)	—	29 October 2001	0.994	Note 1	0.990	1.886
	10,000,000	—	—	—	—	10,000,000	4 November 2002	2.305	Note 2	2.175	N/A
	20,052,861	—	234,000	—	—	20,286,861	30 January 2003	2.114	Note 3	2.075	N/A
	—	134,120,000	950,000	—	—	135,070,000	31 May 2005	1.400	Note 4	1.410	N/A
	31,946,861	134,120,000	1,184,000	(809,000)	(1,085,000)	165,356,861					
	32,316,861	152,920,000	—	(809,000)	(1,085,000)	183,342,861					

<sup>®</sup> Mr. Suen Hay Wai has retired as an executive director of the Company at the conclusion of the annual general meeting of the Company held on 22 June 2005

<sup>#</sup> The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options

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\* The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average of the Stock Exchange closing prices over all of the exercises of options within the disclosure category.

*Note 1* One-third of such share options are exercisable after the expiry of 9 months from the date of grant, a further one-third is exercisable after the expiry of 18 months from the date of grant, and the remaining one-third is exercisable after the expiry of 27 months from the date of grant, up to 28 April 2005.

*Note 2* Such share options are exercisable after the expiry of 9 months from the date of grant, up to 3 May 2006.

*Note 3* One-third of such share options are exercisable after the expiry of 9 months from the date of grant, a further one-third is exercisable after the expiry of 18 months from the date of grant, and the remaining one-third is exercisable after the expiry of 27 months from the date of grant, up to 29 July 2006.

*Note 4* One-third of such share options are exercisable after the expiry of 9 months from the date of grant, a further one-third is exercisable after the expiry of 18 months from the date of grant, and the remaining one-third is exercisable after the expiry of 27 months from the date of grant, up to 30 November 2008.

### (c) Long positions in shares of associated corporations of the Company

Directors	Name of associated corporation	Capacity	No. of shares held	Approximate percentage of issued share capital of associated corporation
Li Dong Sheng	TCL Corporation	Beneficial owner	144,521,730	5.59%
Li Dong Sheng	TCL Communication Technology Holdings Limited	Beneficial owner	18,080,800	0.64%
Lu Zhong Li	TCL Corporation	Beneficial owner	23,569,661	0.91%
Hu Qiu Sheng	TCL Corporation	Beneficial owner	19,012,888	0.74%
Zhao Zhong Yao	TCL Corporation	Beneficial owner	6,444,954	0.25%
Zhao Zhong Yao	TCL Communication Technology Holdings Limited	Beneficial owner	92,800	0.003%

**(d) Long positions in underlying shares of associated corporations of the Company — share options**

Directors	Name of associated corporation	Capacity	No. of shares held	Percentage of
				issued share capital of the associated corporation
Li Dong Sheng	TCL Communication Technology Holdings Limited	Beneficial owner	5,000,000	0.18%
Lu Zhong Li	TCL Communication Technology Holdings Limited	Beneficial owner	2,500,000	0.09%
Hu Qiu Sheng	TCL Communication Technology Holdings Limited	Beneficial owner	2,500,000	0.09%
Zhao Zhong Yao	TCL Communication Technology Holdings Limited	Beneficial owner	800,000	0.028%
Yan Yong	TCL Communication Technology Holdings Limited	Beneficial owner	1,050,000	0.04%

Save as disclosed above, as at 30 June 2005, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to any Director or chief executive of the Company, as at 30 June 2005, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register kept by the Company under Section 336 of the SFO were as follows:

#### Long Positions in shares of the Company:

Shareholders	Capacity	No. of shares held	% of issued share capital of the Company
T.C.L. Industries Holdings (H.K.) Ltd.	Beneficial owner	1,512,121,289 <i>(Note 1)</i>	54.81%
TCL Corporation	Interest of controlled corporation	1,512,121,289 <i>(Note 1)</i>	54.81%

*Note 1:* TCL Corporation is deemed to be interested in 1,512,121,289 shares of the Company through T.C.L. Industries Holdings (H.K.) Ltd., its direct wholly owned subsidiary, for the purpose of the SFO.

Save as disclosed above, as at 30 June 2005, the Company has not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### PURCHASES, SALE OR REDEMPTION OF SHARES

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

## **CORPORATE GOVERNANCE**

Save as disclosed below, none of the directors of the Company is aware of any information which would reasonably indicate that the Company has not, for the six months ended 30 June 2005, complied with the code provisions of the Code of Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Listing Rules, which became effective from 1 January 2005.

Under the Code provision A4.2, every director should be subject to retirement by rotation at least once every three years. Under the previous Articles of Association of the Company, apart from the managing director, one third of the Directors shall retire from office by rotation at each annual general meeting of the Company. To ensure compliance with such Code provision, relevant amendments to the Articles of Association were proposed and approved by the shareholders at the annual general meeting held on 22 June 2005 so that now all directors are subject to retirement by rotation at least once every three years.

For the purpose of compliance with the Code provision B.1.1 of the CG Code, the Board has resolved on 16 April 2004 to establish a remuneration committee and adopted terms of reference for such committee in compliance with the Code provision B.1.3 of the CG Code. On 30 August 2005, Mr. Wang Bing, Mr. Tang Guliang and Mr. Hon Fong Ming, the independent non-executive directors, Mr Albert Thomas da Rosa, Junior, the non-executive director and Ms Lu Zhong Li, an executive director of the Company were appointed as the members of the remuneration committee with Mr. Wang Bing being the chairman of the committee.

## **REVIEW OF ACCOUNTS**

The interim results have been reviewed by the Audit Committee established in compliance with Rule 3.21 of the Listing Rules and the relevant code provisions of the CG Code. The Audit Committee comprises Tang Guliang, Wang Bing and Hon Fong Ming, the independent non-executive directors and Albert Thomas da Rosa, Junior, the non-executive director of the Company.

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### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY**

The Company has adopted a model code regarding securities transactions by directors of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

As at the date of this report, the Board comprises Li Dong Sheng, Lu Zhong Li, Hu Qiu Sheng, Zhao Zhong Yao and Yan Yong as executive directors, Albert Thomas da Rosa, Junior as non-executive director and Tang Guliang, Wang Bing and Hon Fong Ming as independent non-executive directors.

On behalf of the Board

**Li Dong Sheng**

*Chairman*

Hong Kong, 30 August 2005