

*Note:*

Proper Glory is a private company incorporated in the British Virgin Islands and is wholly owned by Geely Group Limited. Geely Group Limited is a private company incorporated in the British Virgin Islands and is wholly owned by Mr. Li Shu Fu.

Save as disclosed above, the Company had not been notified of any other person (other than the directors or the chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as at 30 June 2005 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2005.

### **CORPORATE GOVERNANCE**

The Code of Best Practice set out in Appendix 14 to the Listing Rules was replaced by the Code on Corporate Governance Practices ("CG Code") which has come into effect for accounting periods commencing on or after 1 January 2005. In the opinion of the Directors, the Company has applied the principles and complied with the requirements as set out in the CG Code, with a major deviation from CG Code provision A.2.1 in respect of the separation of roles of the Chairman and Chief Executive Officer throughout the review period. Details are described as follows:

The Board, headed by the Chairman, is responsible for the approval and monitoring of the Group's overall strategies and policies; approval of annual budgets and business plans; evaluating the performance of the Group; and oversight of management. One of the important roles of the Chairman is to provide leadership to the Board to ensure that the Board acts in the best interests of the Group. The Chairman shall ensure that the Board works effectively and discharges its responsibilities, and that all crucial and appropriate issues are discussed by the Board in a timely manner. All Directors have been consulted about any matters proposed for inclusion in the agenda. The Chairman has delegated the responsibility for drawing up the agenda for each Board meeting to the Company Secretary. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

Management is responsible for the daily operations of the Group under the leadership of the Chief Executive Officer. The Chief Executive Officer, working with other Executive Directors and the executive management team of each business division, is responsible for managing the businesses of the Group, including implementation of strategies adopted by the Board and assuming full accountability to the Board for the operations of the Group.