

## DISCLOSURE OF INTERESTS

Save as disclosed herein, as at 30 June 2005, none of the Directors or chief executives of the Company or their respective associates 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) 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

At no time during the six months ended 30 June 2005 was the Company, its subsidiaries or its associated corporations a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates to acquire benefits by an acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporations.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

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

### Long positions in shares of the Company

Name of substantial shareholders	Capacity	Number of ordinary shares	Percentage interests
Batsford Limited	Founder of discretionary trust and trustee ( <i>Note 1</i> )	238,413,332	34.41%
Greatfamily Inc.	Beneficial owner ( <i>Note 2</i> )	207,800,000	29.99%
Greatguy Inc.	Trustee ( <i>Note 2</i> )	207,800,000	29.99%
Senta Wong (BVI) Limited	Beneficial owner ( <i>Note 3</i> )	115,580,723	16.68%
Wong Chung Yin	Beneficial owner, interest of child or spouse and founder of discretionary trust ( <i>Note 4</i> )	69,969,251	10.10%
HSBC International Trustee Limited	Interest of controlled corporations	70,680,284	10.20%

## DISCLOSURE OF INTERESTS

*Notes:*

1. Batsford Limited was deemed (by virtue of the SFO) to be interested in 238,413,332 shares in the Company. These shares were held in the following capacity:
  - (a) 207,800,000 shares were held by Greatfamily Inc. (which was in turn wholly owned by Greatguy Inc.) for a discretionary trust, of which Mr. Senta Wong and Batsford Limited were regarded as the founders (by virtue of the SFO). Please see Note 1(c) under the section headed "Interests of Directors".
  - (b) 30,613,332 shares were held by Levy Investment Limited (which was in turn wholly owned by Batsford Limited) for a discretionary trust, of which Mr. Wong Chung Yin was regarded as the founder (by virtue of the SFO). The references to 30,613,332 shares deemed to be interested by Batsford Limited (as disclosed herein), Mr. Wong Chung Yin (as disclosed in Note 4(c) below) relate to the same block of shares.
2. Please see Note 1(c) under the section headed "Interests of Directors".
3. Please see Note 1(b) under the section headed "Interests of Directors".
4. Mr. Wong Chung Yin was deemed (by virtue of the SFO) to be interested in 69,969,251 shares in the Company. These shares were held in the following capacity:
  - (a) 3,772,000 shares were held by Mr. Wong Chung Yin personally.
  - (b) 2,000,000 shares were held under the name of Mr. Wong Chung Yin and his wife, Ms. Woo Sin Ming.
  - (c) 30,613,332 shares were held by Levy Investment Limited (which was in turn wholly owned by Batsford Limited) for a discretionary trust, of which Mr. Wong Chung Yin was regarded as the founder (by virtue of the SFO). Please see Note 1(b) above.
  - (d) 33,583,919 shares were held for The Pacific Way Unit Trust, of which Guardian Trustee Limited was regarded as the beneficiary (by virtue of the SFO). Mr. Wong Chung Yin was regarded as the founder of the trust (by virtue of the SFO) in relation to the same block of shares.

Save as disclosed, the Directors are not aware of any other persons who, as at 30 June 2005, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June, 2005, with deviations from code provisions A.2.1, A.4.1 and A.4.2 of the Code in respect of the separate roles of chairman and chief executive officer, service term and rotation of directors.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Under the code provisions A.4.1 and A.4.2 of the Code, (a) non-executive directors should be appointed for a specific term and subject to re-election; and (b) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

### Code Provision A.2.1

The Company does not have a separate Chairman and Chief Executive Officer and Mr. Senta Wong currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective supervision of management. Such a structure provides many of the benefits of having a separate Chairman and Chief Executive Officer. The structure includes:

- Having the Audit Committee composed exclusively of Independent Non-Executive Directors;
- Having Independent Non-Executive Directors comprising a majority of the Remuneration Committee;
- Ensuring that Independent Non-Executive Directors have free and direct access to both the Company's external and internal auditors and independent professional advice where considered necessary.

The Board believes that these measures will ensure that our Independent Non-Executive Directors continue to effectively supervise the Group's Management and to provide vigorous control of key issues relating to strategy, risk and integrity. The Board continually reviews the effectiveness

## CORPORATE GOVERNANCE

of the Group's corporate governance structure to assess whether any changes, including the separation of the positions of Chairman and Chief Executive Officer, are necessary.

### Code Provision A.4.1

None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. In accordance with the provisions of the Bye-laws of the Company, any Director appointed by the Board during the year shall retire and submit themselves for re-election at the first annual general meeting immediately following his/her appointment. Further, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office. The directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those in the Code.

### Code Provision A.4.2

According to Bye-laws of the Company, the Executive Chairman or Managing or Joint Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. This constitutes a deviation from code provision A.4.2 of the Code. To comply with the code provision, the relevant amendment to the Bye-laws of the Company shall be proposed and approved by the shareholders at a general meeting whereby the Chairman or Managing or Joint Managing Director shall be subject to retirement by rotation.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standard set out in the Code throughout the six months ended 30 June, 2005.

## SHARE OPTIONS

Pursuant to the Share Option Scheme (the "Scheme") approved and adopted by the Company on 30 May 2005. The detailed terms of the Scheme will be disclosed in the 2005 annual report.