

All the interests stated above represent long positions. As at 30th June 2005, no short positions were recorded in the register required to be kept under section 352 of the SFO.

Save as disclosed above, as at 30th June 2005, none of the directors or chief executives of the Company nor their spouses or children under 18 years of age has interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

### **Directors' Rights to Acquire Shares or Debentures**

At no time during the period was the Company or any of its subsidiaries a party to any arrangement 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.

### **Substantial Shareholder's Interests**

As at 30th June 2005, save for certain directors' interests in the share capital of the Company as disclosed above, no other person was recorded in the register kept by the Company under section 336 of the SFO, as having an interest of 5% or more of the issued share capital of the Company.

## **DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES**

As at 30th June 2005, the Group had certain financial assistance to affiliated companies which is disclosed below in accordance with Chapter 13 of the Listing Rules.

### **Advances to Affiliated Companies**

As at 30th June 2005, the Company advanced a total sum of HK\$81,726,000 to its affiliated companies, the details of which are as follows:-

<b>Affiliated Companies</b>	<b>Interest Rate of Advances</b>	<b>Amount of Advances as at 30th June 2005</b> <i>HK\$'000</i>
Allman Holdings Limited and its subsidiaries	Interest-free	66,955
Hip Wah Industrial (Development) Limited	Interest-free	7,462
The Melville Street Trust	Interest-free	7,309
		<hr style="width: 100%; border: 0.5px solid black;"/>
		<b>81,726</b> <hr style="width: 100%; border: 1.5px solid black;"/>

All the said advances were unsecured, repayable on demand and were funded by internal resources and/or bank borrowings and were made for the purpose of providing investment funds and/or working capital.

Set out below is a proforma combined balance sheet of the above affiliated companies as at 30th June 2005 (being the latest practicable date for determining the relevant figures) required to be disclosed under Chapter 13 of the Listing Rules:–

#### **Proforma Combined Balance Sheet as at 30th June 2005**

	<i>HK\$'000</i>
Fixed assets	976,045
Net current liabilities	(112,239)
Bank loans and shareholders' loans – long term	<u>(585,208)</u>
Surplus in shareholders' funds	<u><u>278,598</u></u>

The aggregate of the Group's advances to affiliated companies as at 30th June 2005 amounted to HK\$81,726,000 which represents approximately 8.0% of the Group's total assets as at 30th June 2005.

#### **PURCHASE, SALE OR REDEMPTION OF SHARES**

There has been no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the six months ended 30th June 2005.

#### **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Directors consider that, in the six months ended 30th June 2005, the Group was, save as disclosed below, in compliance with the code provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules.

Code A.4.2 requires that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Steps are being taken to amend the bye-laws of the Company with a view to ensuring full compliance with the requirements of this Code provision. One of the major steps required is to amend or repeal The Kader Holdings Company Limited Company Act 1990 of Bermuda, which is a private Act pursuant to which the Company was incorporated. The Company has retained a firm of legal advisers in Bermuda to advise on and undertake this.