

- g. *HSBC International Trustee (New Zealand) Limited held 29,206,000 shares as trustee for various trusts and all the shares were registered in the name of HSBC International Trustee Limited.*
- h. *29,206,000 shares were held by HSBC International Trustee (New Zealand) Limited (see Notes f and g), a company accustomed/obliged to act in accordance with the directions or instructions of HSBC International Trustee Limited. Another 10,000 shares were held by HSBC International Trustee Limited as trustee (other than a bare trustee).*

SHARE OPTIONS

A share option scheme was adopted by the shareholders of the Company at the special general meeting held on 28th November 1997, pursuant to which options may be granted to full-time employees (including executive directors) of the Company or its subsidiaries to subscribe for shares in the Company (the "Share Option Scheme"). The Share Option Scheme will remain in force for a period of ten years from 28th November 1997. As at the date of this Interim Report, 20,994,025 shares, representing 7.81% of the issued share capital of the Company, are available for issue under the Share Option Scheme and in compliance with Chapter 17 of the Listing Rules.

No share options under the Share Option Scheme were outstanding at the beginning and at the end of the six months ended 30th June 2005 and no share options were granted, exercised, cancelled or lapsed during the said period.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company had not redeemed any of its shares during the six months ended 30th June 2005. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the six months ended 30th June 2005.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all the code provisions (except for code provision C.2 on internal control which would be implemented for accounting periods commencing on or after 1st July 2005) set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30th June 2005, except for the following deviations during the period:

CODE PROVISION A.2.1

- Code specification : The roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.
- Deviation : During the first half of 2005, Mr. Peter WANG was the Chairman of the Board and Chief Executive Officer of the Company.
- Considered reasons for such deviation : As explained in the Corporate Governance Report set out in the Company's 2004 annual report, the Board considered that the function of the Chairman and Chief Executive Officer in the Company's strategic planning and development process are overlapping and it might not be beneficial to the Company and its shareholders as a whole to have separate individuals occupying these two offices given the current size of the Group and its stage of development.

CODE PROVISION A.4.1

- Code specification : Non-executive directors should be appointed for a specific term, subject to re-election.
- Deviation : The non-executive Directors (including independent non-executive Directors) were not appointed for specific terms since all of them (other than the Honorary Chairlady) are subject to retirement by rotation in accordance with the Company's Bye-Laws.

Action(s) taken for compliance : The Board resolved in January 2005 to fix the term of the non-executive Directors (including independent non-executive Directors) for a period of three years with effect from 1st January 2005, subject to earlier determination in accordance with the Bye-Laws and/or applicable laws and regulations.

CODE PROVISION A.4.2

Code specification : All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Deviation : Pursuant to the Bye-Laws of the Company prior to 22nd June 2005, one-third of the Directors (save for executive Chairman or Managing or Joint Managing Director and no Director holding office as Chairman, Chairlady, Co-chairman or Co-chairlady (in each case in an Honorary and non-executive capacity)) were required to retire and would be eligible for re-election at every annual general meeting. The Directors to retire by rotation should be those who had been longest in office since their last appointment or reappointment or those who were appointed during the year to fill casual vacancy. The said requirements of the Bye-laws were observed at the annual general meeting held on 22nd June 2005, as the said provisions of the Bye-Laws were still in force.

Action(s) taken for compliance : The shareholders of the Company passed a special resolution at the annual general meeting of the Company held on 22nd June 2005 to amend the Bye-Laws of the Company so that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. By responding to specific enquiry from the Company, the Directors have confirmed that they complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors during the six months ended 30th June 2005.

AUDIT COMMITTEE

The Audit Committee comprises Mr. LO Kai Yiu, Anthony and Mr. YUAN Ching Man, James (being the independent non-executive Directors), and Ms. MAK WANG Wing Yee, Winnie (being the non-executive Director). The Audit Committee has reviewed the unaudited condensed consolidated financial statements and the interim report for the six months ended 30th June 2005 with the Company's management.

On behalf of the Board
WANG Kin Chung, Peter
Chairman and Chief Executive Officer

Hong Kong, 26th September 2005