

## OTHER INFORMATION

### DIRECTORS' INTERESTS IN SECURITIES

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 ("SFO")) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

*Ordinary shares of HK\$0.20 each of the Company ("Shares")*

Name of director	Long Position	Nature of interests	Approximate percentage of total issued share capital as at 30 June 2005 (%)
Datuk LIM Chee Wah ("Datuk LIM")	53,465,400 (Note 1)	Interests through a controlled corporation	74.26
Percy ARCHAMBAUD-CHAO ("Mr. A. CHAO")	15,000,000 (Note 2)	Interests through a controlled corporation	20.83

*Notes:*

1. The corporate interests in these Shares is held through VXL Capital Partners Corporation Limited ("VXL Partners"), a company which is wholly and beneficially owned by Datuk LIM. The interests on 15,000,000 Shares out of these Shares are duplicated with that of Mr. A. CHAO and those shown in Notes 2 & 3 of the subsection entitled "Substantial Shareholders' Interests in Securities".
2. The corporate interests in these Shares is held through Huge More Limited, a company which is wholly and beneficially owned by Mr. A. CHAO. The interests on these Shares are duplicated with that of Datuk LIM and those shown in Notes 2 & 3 of the subsection entitled "Substantial Shareholders' Interests in Securities".

Save as disclosed above, as at 30 June 2005, none of the directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION (continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2005, the interests or short positions of every person, other than the directors and chief executive of the Company, in the shares and underlying shares of the Company, as recorded in the register maintained by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Long Position in Shares	Nature of interests	Approximate percentage of total issued share capital as at 30 June 2005 (%)
VXL Partners	38,465,400 (Note 1)	Beneficial interests	53.42
	15,000,000 (Note 2)	Security interests	20.83
Huge More Limited	15,000,000 (Note 2)	Interests through a controlled corporation	20.83
Ms. Chen Wai Wai Vivien	15,000,000 (Note 3)	Interests through a controlled corporation	20.83
Crosby Investment Holdings Inc.	15,000,000 (Note 3)	Interests through a controlled corporation	20.83
Laird Developments Limited	15,000,000 (Note 3)	Interests through a controlled corporation	20.83
Prosum Finance Company Limited	15,000,000 (Note 3)	Security Interests	20.83

## OTHER INFORMATION (continued)

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (continued)**

*Notes:*

1. These Shares are beneficially owned by Datuk LIM.
2. These Shares are beneficially owned by Mr. A. CHAO. VXL Partners has a security interests in the entire issued share capital in such company. The interests on these Shares are duplicated among themselves and those in Note 3 and those shown in Notes 1 & 2 of the subsection entitled "Directors' Interests in Securities".
3. Prosum Finance Company Limited, a company which is wholly owned by Laird Developments Limited, has a security interests in these Shares. Laird Developments Limited is wholly owned by Crosby Investment Holdings Inc., which is in turn wholly and beneficially owned by Ms. Chen Wai Wai Vivien. The interests on these Shares are duplicated among themselves and those in Note 2 and those shown in Notes 1 & 2 of the subsection entitled "Directors' Interests in Securities".

Save as disclosed above, as at 30 June 2005, no other interests or short positions in the Shares or underlying shares of the Company were recorded in the register maintained by the Company under section 336 of the SFO.

### **INTERIM DIVIDEND**

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2005 (six months ended 30 June 2004: Nil).

### **SHARE OPTION SCHEME**

At the Extraordinary General Meeting of the Company held on 3 June 2005, the shareholders of the Company approved the adoption of a new share option scheme (the "New Scheme") and the termination of the old share option scheme (the "Old Scheme").

Pursuant to the New Option Scheme, the Company may grant options to any employee or officer (whether full time or part time and including any executive director, but excluding any non-executive director and independent non-executive director) of the Company and its subsidiaries (the "Group"), to provide incentives or rewards for their contribution or potential contribution to the growth and development of the Group.

## OTHER INFORMATION (continued)

### **SHARE OPTION SCHEME (continued)**

No options were granted, exercised, cancelled, lapsed under both the Old and the New Schemes during the period under review and there were no outstanding share options as at 30 June 2005.

At 30 June 2005, the total number of shares available for issue under the New Scheme was 7,200,000 shares which represented 10% of the then issued share capital of the Company on the approval date of the New Scheme and the existing issued share capital of the Company at the date of this report.

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

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

### **CORPORATE GOVERNANCE**

#### *Compliance with the Code of Corporate Governance Practices*

The Group is committed to maintain high standards of corporate governance and the Board of Directors considers that effective corporate governance is an essential factor to the corporate success and to enhancing shareholders' value.

The Company considers to adopt its own code of corporate governance practices with reference to the Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules.

The Company has applied the principles and complied with the applicable code provisions of the CG Code throughout the accounting period covered by these interim results, save for the code provisions on internal controls, which are to be implemented for accounting periods commencing on or after 1 July 2005 pursuant to the CG Code, with following deviations due to reasonable grounds:

Pursuant to Codes A.1.2 and A.1.3 of CG Code, an agenda of a regular board meeting ("RBM") shall include all directors' ideas and a notice of at least 14 days shall be given in case of a RBM. During the period under review, not all independent directors have been consulted on matters to be included in the agenda of a RBM and less than 14 days notice was given to directors. The Company shall give 14 days notice in case of a RBM and shall circulate the draft agenda to the directors for further comments.

## OTHER INFORMATION (continued)

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### **CORPORATE GOVERNANCE (continued)**

#### *Compliance with the Code of Corporate Governance Practices (continued)*

Pursuant to Code A.2.1 of CG Code, the division of responsibilities between the Chairman and the Chief Executive Officer shall be clearly established in a written form. There was no formal division of responsibilities during the period under review. The Company will consider setting out a written guideline on division of responsibilities of the Chairman and the Chief Executive Officer.

Pursuant to Code A.4.1 of the CG Code, non-executive directors shall be appointed for a specific term. In accordance with the Articles of Association of the Company, all directors are subject to retirement by rotation and re-election at annual general meetings.

Pursuant to Code A.4.2 of the CG Code, the directors shall retire by rotation at least once every three years. However, in accordance with the Company's articles of association, the directors are not required to retire once every three year but at each annual general meeting one-third of the directors for the time being shall retire from office by rotation. The Board will ensure the retirement of each director by rotation at least once every three years in order to comply with the Code Provisions to the Listing Rules.

Pursuant to Code A.5.1 of the CG Code, a new director shall be offered a comprehensive, formal and specific induction scheme on the first occasion of his appointment. The Company did not tailor-make any induction scheme for new directors during the period under review. The Company will actively consider developing tailor-made induction schemes for new directors in the future.

Pursuant to Code A.5.4 of the CG Code, the Board shall enact written guidelines on no less exacting terms than the Model Code. The Board did not adopt similar Model Code during the period under review. The Company has adopted similar Model Code on 27 September 2005.

Pursuant to Code D.1.2 of the CG Code, the Company shall delegate the functions to the management and review on a periodic basis. The Company has specified certain matters to be covered by the Executive Committee of the Board and those for the Board but has not as yet formalized these functions of the management during the period under review. The Company considers the present operational and reporting systems between the management and the Board are effective and will consider making a formal guideline in this aspect.

## OTHER INFORMATION (continued)

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### **CORPORATE GOVERNANCE (continued)**

#### *Model Code*

Although the Company has not formally adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code as at 30 June 2005, Model Code has been adopted by the Company on 27 September 2005.

Having made specific enquiry of all Directors, during the six months ended 30 June 2005, the Directors have complied with the required standard stipulated in the Model Code as set out in Appendix 10 to the Listing Rules.

#### *Audit Committee*

The written terms of reference stating the composition, authority and duties of the Audit Committee has been reviewed on 27 September 2005 pursuant to Section C.3 of Appendix 14 to the Listing Rules. The Audit Committee comprises three independent non-executive directors, namely Mr. Michael YEE Kim Shing (the Chairman), Mr. Alan Howard SMITH, J.P., and Mr. Stephen YUEN Ching Bor. The current unaudited interim results report for the six months ended 30 June 2005 has been reviewed by both the external auditors in accordance with Statement of Auditing Standard 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants and the Audit Committee.

By order of the Board

**Datuk LIM Chee Wah**

*Chairman*

Hong Kong, 27 September 2005