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- (1) This represents the same parcel of shares held by CH Investments. Cititrust (Bahamas) Limited is deemed to have interest in the relevant shares and underlying shares by virtue of being the trustee of the Charity Foundation, the relevant shares and underlying shares are held through its controlled corporation, Chiangs' Industrial Holdings Limited which holds 74.42% controlling interest in CH Investments.
- (2) The relevant shares and underlying shares are deemed to be interested by Dr. Chen CHIANG by virtue of the SFO as he is the settlor of the Charity Foundation, and he may be regarded as the founder of the Charity Foundation.
- (3) Ms. Jwung Hwa MA, being the spouse of Dr. Chen CHIANG, in the capacity of interest of spouse, is deemed to be interested in the relevant shares and underlying shares held by Dr. Chen CHIANG by virtue of the SFO.

Save as disclosed above, at 30 September 2005, no other parties were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

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

In May 2005, the Company has established the Remuneration Committee with specific written terms of reference as set out in code provisions of B.1 of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules. At the same time, the Company has also adopted the revised terms of reference of the Audit Committee which are in line with the code provisions of the CG Code.

The Company has complied with the applicable code provisions set out in the CG Code throughout the six months ended 30 September 2005, except for the following deviations:

**Code Provision A.4.1** stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company do not have a specific term of appointment, but subject to retirement by rotation and eligible for re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

**Code Provision A.4.2** stipulates that 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. According to the provisions of the Bye-laws of the Company, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. 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 one-third, who have been longest in office since their last election shall retire from office, provided that no director holding office as executive chairman or as a managing director shall be subject to retirement by rotation or taken into account in determining the number of directors to retire.

**Code Provision A.5.4** stipulates that the Board should establish written guidelines on no less exacting terms than the Model Code set out in Appendix 10 of the Listing Rules for relevant employees in respect of their dealings in the securities of the Company. It is the usual practice of the Company to remind all employees semi-annually not to deal in the Company's securities if they are in possession of any unpublished price sensitive information.

The Company is committed to high standards of corporate governance and the Board has resolved to take the following actions at today's board meeting:

1. The appointment of all non-executive directors of the Company shall be for a specific term but subject to retirement by rotation and eligible for re-election every three years at the annual general meeting of the Company and the relevant amendments to the Bye-laws of the Company shall be proposed for approval by the shareholders of the Company at the next annual general meeting to be held in 2006.
2. The Board shall adopt the Code for Securities Transactions for Relevant Employees which is on no less exacting terms than the Model Code in respect of their dealings in the securities of the Company.