

Save as disclosed above, as at 30 June 2005, none of the Directors, chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable any Director or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor chief executive of the Company or any of their spouses or children under the age of 18 had any interest in, or had been granted, any right to subscribe for the shares in or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), or had exercised any such right during the period.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2005, in accordance with the register kept under Section 336 of the SFO, the following persons (other than the Directors or chief executive of the Company) had interests representing 5% or more of the issued share capital of the Company:

Name of shareholders	No. of shares in the Company	No. of share options in the Company	Percentage of total issued shares of the Company
Fairline Consultants Limited	316,180,280	–	59.43%
Wong Yee Man Gloria	344,476,280 (Note 1)	–	64.75%
	–	31,570,000 (Note 2)	5.93%

Notes:

1. The interest in shares includes 21,340,000 shares of the Company in which Ms. Wong Yee Man Gloria is interested as a beneficial owner and 323,136,280 shares of the Company in which she is deemed to be interested through the interest of her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).

2. *Ms. Wong Yee Man Gloria is deemed to be interested in the options to subscribe for 31,570,000 shares of the Company held by her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).*

Save as disclosed herein, as at 30 June 2005, the Company has not been notified of any person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares and 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 period ended 30 June 2005, with deviations from code provisions A.2.1, A.4.1, A.4.2 and B.1.1 to B.1.5 in respect of the roles of the chairman and chief executive officer, the service term and rotation of directors and the establishment of a remuneration committee.

**Code provision A.2.1** Under code provision A.2.1, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group’s operations. This constitutes a deviation from code provision A.2.1 of the Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive officer. However, the Board considers that this will not impair the balance of power and authority between the Board and the management of the Company.

**Code provisions A.4.1 and A.4.2** Under code provisions A.4.1 and A.4.2 of the Code, (a) non-executive directors should be appointed for specific terms and subject to re-election, and (b) all directors appointed to fill casual vacancies 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.