

**DIRECTORS' INTERESTS IN SECURITIES AND SHARE OPTIONS**

At 30th June 2005, the interests of each director in the shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), K. Wah International Holdings Limited ("KWIH"), and the details of any right to subscribe for shares of the Company and KWIH and of the exercise of such rights, as recorded in the register required to be kept 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 contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

**(a) Ordinary Shares of the Company**

	<b>Personal Interests</b>	<b>Family Interests</b>	<b>Corporate Interests</b>	<b>Other Interests</b>	<b>Total</b>	<b>% of Issued Share Capital</b>
Lui Che Woo	13,385,831	1,468,496	76,880,265 <sup>(1)</sup>	2,068,288,784 <sup>(2)</sup>	2,160,023,376	149.60
Francis Lui Yiu Tung	4,472,980	—	436,753,661 <sup>(4)</sup>	2,068,288,784 <sup>(2)</sup>	2,509,515,425	173.81
Chan Kai Nang	—	—	—	—	—	—
Joseph Chee Ying Keung	1,350,000	—	—	—	1,350,000	0.09
William Lo Chi Chung	186,000	—	—	—	186,000	0.01
Paddy Tang Lui Wai Yu	4,801,906	—	—	2,068,288,784 <sup>(2)</sup>	2,073,090,690	143.58
Charles Cheung Wai Bun	1,810	—	—	—	1,810	0.00
Moses Cheng Mo Chi	—	—	—	—	—	—
James Ross Ancell	—	—	—	—	—	—
William Yip Shue Lam	—	—	—	—	—	—

**DIRECTORS' INTERESTS IN SECURITIES AND SHARE OPTIONS (CONT'D)****(b) Share Options of the Company**

At 30th June 2005, the particulars of the options held by each of the directors of the Company, the employees of the Company in aggregate and other participants granted under the Share Option Scheme of the Company or under any other share option schemes of the Company, were as follows:

	Date of grant	Options held at 1st January 2005	Options exercised during the period	Options held at 30th June 2005	Exercise price (HK\$)	Exercise period
Lui Che Woo	20th May 1998	1,500,000	—	1,500,000	0.5333	20th May 1999–19th May 2008
	30th Dec 1999	1,800,000	—	1,800,000	0.5216	30th Dec 2000–29th Dec 2009
	28th Feb 2003	2,000,000	—	2,000,000	0.5140	1st Mar 2004–28th Feb 2013
Francis Lui Yiu Tung	20th May 1998	1,000,000	—	1,000,000	0.5333	20th May 1999–19th May 2008
	30th Dec 1999	1,600,000	—	1,600,000	0.5216	30th Dec 2000–29th Dec 2009
	28th Feb 2003	1,870,000	—	1,870,000	0.5140	1st Mar 2004–28th Feb 2013
Chan Kai Nang	28th Feb 2003	110,000	—	110,000	0.5140	1st Mar 2004–28th Feb 2013
Joseph Chee Ying Keung	28th Feb 2003	1,000,000	—	1,000,000	0.5140	1st Mar 2004–28th Feb 2013
William Lo Chi Chung	—	—	—	—	—	—
Paddy Tang Lui Wai Yu	20th May 1998	600,000	—	600,000	0.5333	20th May 1999–19th May 2008
	30th Dec 1999	1,070,000	—	1,070,000	0.5216	30th Dec 2000–29th Dec 2009
	28th Feb 2003	1,270,000	—	1,270,000	0.5140	1st Mar 2004–28th Feb 2013
Charles Cheung Wai Bun	28th Feb 2003	300,000	—	300,000	0.5140	1st Mar 2004–28th Feb 2013
Moses Cheng Mo Chi	28th Feb 2003	300,000	—	300,000	0.5140	1st Mar 2004–28th Feb 2013
James Ross Ancell	—	—	—	—	—	—
William Yip Shue Lam	—	—	—	—	—	—
Employees	20th May 1998	1,602,000	470,000 <sup>(a)</sup>	1,132,000	0.5333	20th May 1999–19th May 2008
	30th Dec 1999	1,374,000	416,000 <sup>(b)</sup>	958,000	0.5216	30th Dec 2000–29th Dec 2009
	28th Feb 2003	1,276,000	504,000 <sup>(c)</sup>	772,000	0.5140	1st Mar 2004–28th Feb 2013
Others	20th May 1998	300,000	—	300,000	0.5333	20th May 1999–19th May 2008
	30th Dec 1999	1,070,000	—	1,070,000	0.5216	30th Dec 2000–29th Dec 2009
	28th Feb 2003	300,000	—	300,000	0.5140	1st Mar 2004–28th Feb 2013

**DIRECTORS' INTERESTS IN SECURITIES AND SHARE OPTIONS (CONT'D)****(b) Share Options of the Company (Cont'd)**

*Notes:*

- a. The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised during the period was HK\$7.48.
- b. The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised during the period was HK\$9.35.
- c. The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised during the period was HK\$6.58.

All options referred to above are subject to a one-year vesting period.

No options were granted, cancelled or lapsed during the period.

The consideration paid by each grantee for each grant of options is HK\$1.00.

**(c) Ordinary Shares of KWIH**

	<b>Personal Interests</b>	<b>Family Interests</b>	<b>Corporate Interests</b>	<b>Other Interests</b>	<b>Total</b>	<b>% of Issued Share Capital</b>
Lui Che Woo	268,014	7,130,234	38,129,737 <sup>(3)</sup>	1,257,389,151 <sup>(2)</sup>	1,302,917,136	55.82
Francis Lui Yiu Tung	391,164	—	—	1,257,389,151 <sup>(2)</sup>	1,257,780,315	53.88
Chan Kai Nang	—	—	—	—	—	—
Joseph Chee Ying Keung	1,000,000	—	—	—	1,000,000	0.04
William Lo Chi Chung	100,000	—	—	—	100,000	0.00
Paddy Tang Lui Wai Yu	4,639,166	—	—	1,257,389,151 <sup>(2)</sup>	1,262,028,317	54.06
Charles Cheung Wai Bun	7,239	—	—	—	7,239	0.00
Moses Cheng Mo Chi	—	—	—	—	—	—
James Ross Ancell	—	—	—	—	—	—
William Yip Shue Lam	—	—	—	—	—	—

## DIRECTORS' INTERESTS IN SECURITIES AND SHARE OPTIONS (CONT'D)

### (d) Share Options of KWIH

	Date of grant	Options held at 1st January 2005	Options exercised during the period	Options held at 30th June 2005	Exercise price (HK\$)	Exercise period
Lui Che Woo	20th May 1998	1,500,000	—	1,500,000	0.5586	20th May 1999– 19th May 2008
	30th Dec 1999	1,350,000	—	1,350,000	0.3600	30th Dec 2000– 29th Dec 2009
	28th Feb 2003	2,000,000	—	2,000,000	0.7200	1st Mar 2004– 28th Feb 2013
Francis Lui Yiu Tung	20th May 1998	1,000,000	—	1,000,000	0.5586	20th May 1999– 19th May 2008
	30th Dec 1999	1,200,000	—	1,200,000	0.3600	30th Dec 2000– 29th Dec 2009
	28th Feb 2003	1,868,000	—	1,868,000	0.7200	1st Mar 2004– 28th Feb 2013
Chan Kai Nang	—	—	—	—	—	—
Joseph Chee Ying Keung	29th Dec 2003	1,000,000	1,000,000*	—	1.3000	30th Dec 2003– 29th Dec 2013
William Lo Chi Chung	—	—	—	—	—	—
Paddy Tang Lui Wai Yu	20th May 1998	600,000	—	600,000	0.5586	20th May 1999– 19th May 2008
	30th Dec 1999	870,000	—	870,000	0.3600	30th Dec 2000– 29th Dec 2009
	28th Feb 2003	1,269,000	—	1,269,000	0.7200	1st Mar 2004– 28th Feb 2013
Charles Cheung Wai Bun	28th Feb 2003	300,000	—	300,000	0.7200	1st Mar 2004– 28th Feb 2013
Moses Cheng Mo Chi	—	—	—	—	—	—
James Ross Ancell	—	—	—	—	—	—
William Yip Shue Lam	—	—	—	—	—	—

\* The weighted average closing price of KWIH's shares immediately before the dates on which the options were exercised during the period was HK\$2.425.

No options were granted, cancelled or lapsed during the period.

**DIRECTORS' INTERESTS IN SECURITIES AND SHARE OPTIONS (CONT'D)**

*Notes:*

- (1) 76,880,265 shares in the Company were held by Best Chance Investments Ltd., which was controlled by Dr. Lui Che Woo.
- (2) City Lion Profits Corp., a company wholly-owned by a discretionary family trust established by Dr. Lui Che Woo as founder, was interested in 1,160,449,206 shares in the Company which were to be issued upon completion of the Company's acquisition of 88.1% of the voting shares carrying 97.9% of the economic interest in Galaxy Casino, S.A. on 22nd July 2005 ("Completion").

KWIH was interested and deemed to be interested in 903,893,351 shares in the Company representing more than one-third of its issued share capital held by a wholly owned subsidiary of KWIH. 1,257,389,151 shares in KWIH representing more than one-third of its issued share capital were held by the discretionary family trusts established by Dr. Lui Che Woo as founder. In addition, one of the said discretionary trusts was interested in 3,946,227 shares in the Company.

Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu, as either direct or indirect discretionary beneficiaries of the discretionary family trusts, are deemed to be interested in those shares in KWIH and those shares in the Company held by the trusts and in those shares in the Company in which KWIH was interested as aforesaid.

- (3) 35,075,725 shares and 3,054,012 shares in KWIH were respectively held by Best Chance Investments Ltd. and Po Kay Securities & Shares Company Limited, both of which were controlled by Dr. Lui Che Woo.
- (4) 111,138,039 shares in the Company were to be issued upon Completion to Recurrent Profits Limited, which was controlled by Mr. Francis Lui Yiu Tung. 231,615,731 shares and 93,999,891 shares in the Company were respectively to be interested by Top Notch Opportunities Limited and Kentlake International Investments Limited upon Completion for the purpose of SFO, both of which were controlled by Mr. Francis Liu Yiu Tung.

All the interests stated above represent long positions.

Save as disclosed above, as at 30th June 2005, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

At 30th June 2005, the interests of every person (not being a director or chief executive of the Company) in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Long Position	% of Issued Share Capital	Short Position	% of Issued Share Capital
Best Chance Investments Ltd.	76,880,265	5.32	0	0
Brightwealth Investments Limited	325,615,622	22.55	325,615,622	22.55
City Lion Profits Corp.	1,160,449,206	80.37	0	0
Davos Investment Holdings Private Limited	325,615,622	22.55	325,615,622	22.55
Future Leader Management Limited	82,250,410	5.70	0	0
Guoco Group Limited	325,615,622	22.55	325,615,622	22.55
Guoline Capital Assets Limited	325,615,622	22.55	325,615,622	22.55
Guoline Overseas Limited	325,615,622	22.55	325,615,622	22.55
HL Holdings Sdn Bhd	325,615,622	22.55	325,615,622	22.55
Hong Leong Company (Malaysia) Berhad	325,615,622	22.55	325,615,622	22.55
Hong Leong Investment Holdings Pte. Ltd.	325,615,622	22.55	325,615,622	22.55
HSBC International Trustee Limited	2,066,918,784 <sup>(1)</sup>	143.15	0	0
Kentlake International Investments Limited	93,999,891	6.51	0	0
Kwek Holdings Pte Ltd	325,615,622	22.55	325,615,622	22.55
Kwek Leng Kee	325,615,622	22.55	325,615,622	22.55
K. Wah Construction Materials Limited	903,893,351	62.60	0	0
K. Wah International Holdings Limited	903,893,351	62.60	0	0
Lawrence Lui Yiu-nam	161,067,504	11.16	0	0
Lim Kok Thay	86,790,000	6.01	0	0
Lucky Oriental Limited	82,250,410	5.70	0	0
Netfinity Assets Corporation	161,066,521	11.16	0	0
Pedro Ho On Chun	176,250,301	12.21	0	0
Quek Leng Chan	325,615,622	22.55	325,615,622	22.55
Recurrent Profits Limited	111,138,039	7.70	0	0
Top Notch Opportunities Limited	231,615,731	16.04	0	0
UBS AG	902,403,351 <sup>(2)</sup>	62.50	0	0

**SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONT'D)***Notes:*

1. HSBC International Trustee Limited is the trustee of discretionary trusts which hold 2,066,918,784 shares in the Company.
2. UBS AG acted as the placing agent on behalf of Sutimar Enterprises Limited ("Sutimar"), a wholly-owned subsidiary of KWIH, in connection with the top-up placing of 146,000,000 shares in the Company on 21st April 2005 pursuant to which (i) Sutimar and KWIH agreed to certain restrictions in relation to the transfer or disposal of their respective interests in shares in the Company and (ii) the Company agreed to certain restrictions in relation to the issue and allotment of shares in the Company. As a result, each of UBS AG, the Company, Sutimar and KWIH (being parties to the top-up placing arrangements) are deemed, for the purpose of the disclosure requirements in Part XV of the SFO, to be interested in any shares in the Company held by the other parties to such arrangements for so long as such restrictions over the shares in the Company are in place. Under the terms of the placing agreement, such restrictions over the shares in the Company expired on the date of the extraordinary general meeting of the Company held on 19th July 2005. Accordingly, as disclosed to the Company under Part XV of the SFO as at 30th June 2005, UBS AG was deemed to be interested in the 852,775,351 shares in the Company in which KWIH is interested until 19th July 2005 and apart from such deeming provision, UBS AG held 49,628,000 shares in the Company (representing 3.44% of the issued share capital of the Company), of which 42,178,000 shares in the Company were held on behalf of its clients. Accordingly, the interests of the Company, KWIH and UBS AG are duplicate interests.

There was duplication of interest of:

- (i) 2,068,288,784 shares in the Company between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu. Among these shares,
  - a. 852,775,351 shares in the Company were also interested by KWIH;
  - b. 1,160,449,206 shares in the Company were also interested by City Lion Profits Corp.; and
  - c. 51,118,000 shares in the Company were also interested by UBS AG;
- (ii) 76,880,265 shares in the Company between Dr. Lui Che Woo and Best Chance Investments Ltd.;
- (iii) 111,138,039 shares in the Company between Mr. Francis Lui Yiu Tung and Recurrent Profits Limited;
- (iv) 231,615,731 shares in the Company between Mr. Francis Lui Yiu Tung and Top Notch Opportunities Limited;

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONT'D)**

- (v) 161,066,521 shares in the Company between Mr. Lawrence Lui Yiumam and Netfinity Assets Corporation;
- (vi) 82,250,410 shares in the Company between Mr. Pedro Ho On Chun, Future Leader Management Limited and Lucky Oriental Limited;
- (vii) 93,999,891 shares in the Company between Mr. Francis Lui Yiu Tung, Mr. Pedro Ho On Chun and Kentlake International Investments Limited;
- (viii) 325,615,622 shares in the Company (both long and short positions) between Brightwealth Investments Limited, Davos Investment Holdings Private Limited, Guoco Group Limited, Guoline Capital Assets Limited, Guoline Overseas Limited, HL Holdings Sdn Bhd, Hong Leong Company (Malaysia) Berhad, Hong Leong Investment Holdings Pte. Ltd., Kwek Holdings Pte Ltd, Mr. Kwek Leng Kee and Mr. Quek Leng Chan. The interests in (iv) and (vii) above are derivative interests in these 325,615,622 shares; and
- (ix) 1,257,389,151 shares in KWIH between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu.

Save as disclosed above, as at 30th June 2005, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the SFO.

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

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

### **AUDIT COMMITTEE**

Having been reviewed by the Company's Auditors, PricewaterhouseCoopers, the Group's interim financial information for the six months ended 30th June 2005 was reviewed by the Audit Committee. Regular meetings have been held by the Audit Committee which meets at least twice each year.



**CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers issued by the Stock Exchange (the “Securities Code”) as its code of conduct for securities transactions by Directors. The Company, having made specific enquiry of all Directors, confirms that its Directors have complied with the standard set out in the Securities Code and the Company’s own code.

**CORPORATE GOVERNANCE**

The Company has, during the six months ended 30th June 2005, complied with the code provisions (with the exception of Code Provision C.2 on internal controls) set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules except for the following deviations:

a. Code Provision A.4.2

The Chairman of the Board and Managing Director are not subject to retirement by rotation. A special resolution will be proposed to amend the Articles of Association of the Company at the annual general meeting to be held in 2006 so that every Director (including the Chairman of the Board and Managing Director) shall be subject to retirement by rotation at least once every three years.

b. Code Provision A.5.4

Written guidelines in respect of dealings by relevant employees in the securities of the Company were established by the Company on 17th August 2005.

c. Code Provision B.1.1

The Company is in the process of establishing a Remuneration Committee with appropriate composition and terms of reference.

d. Code Provision C.3.3

On 14th September 2005, the terms of reference of the Audit Committee of the Company was revised to include the duties as set out in this code provision.

### **CORPORATE GOVERNANCE (CONT'D)**

e. Code Provision E.1.2

The Chairman did not attend the annual general meeting of the Company held on 28th April 2005. Mr. Francis Lui Yiu Tung, the Deputy Chairman of the Company, took the chair pursuant to the Articles of Association of the Company.

### **CONTINUING OBLIGATIONS UNDER RULE 13.21 OF THE LISTING RULES**

Investimentos Hoteleiros Majesty (Internacional), Limitada (the “Subsidiary”), a wholly-owned subsidiary of Galaxy Casino, S.A., in which 88.1% of the voting shares carrying 97.9% of the economic interest was acquired by the Company on 22nd July 2005, entered into a loan agreement dated 13th October 2003 with Hang Seng Bank Limited (as supplemented) (the “Loan Agreement”) in which the Subsidiary was made available a term loan facility in aggregate amount of HK\$272,000,000 with maturity date on 30th June 2006. Under the Loan Agreement, it will be an event of default if, amongst other things, members of the “Lui Family” cease to beneficially own at least 35% of the voting share capital of the Company. For this purpose, the “Lui Family” is Dr. Lui Che Woo, his spouse and/or any of his children (collectively, “Family Members”), and/or any trust of which any one or more of the Family Members is or are the sole beneficiary(ies), and/or any company of which any one or more of the Family Members beneficially own(s) the entire issued share capital. The Lui Family is collectively the controlling shareholder of the Company. Further details of this loan were included in the announcement of the Company issued on 27th July 2005.

By Order of the Board  
**Kitty Chan Lai Kit**  
*Company Secretary*

Hong Kong, 14th September 2005