

## DISCLOSURE OF ADDITIONAL INFORMATION

### Directors' interests and short positions

At 31 December 2005, the interests and short positions of the Directors, the chief executive of the Company and their respective associates in shares, underlying shares (in respect of equity derivatives) and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept 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 for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

(A) *Interests in the shares of the Company*

Name of Director	Notes	Nature of interest	Number of ordinary shares held (% of the issued share capital)
Mr. Lam Kwok Hing	1	Corporate	171,000,000 (17.29%)
Ms. Lee Choi Lin, Joecy	2	Corporate	61,200,000 (6.19%)
Mr. Chu Ki	3	Corporate	12,000,000 (1.21%)

*Notes:*

- These shares are owned by Best Global Asia Limited ("Best Global"), a company incorporated in the British Virgin Islands (the "BVI"). The entire issued share capital of Best Global is beneficially owned by Mr. Lam Kwok Hing, the spouse of Ms. Lee Choi Lin, Joecy.
- These shares are owned by World Invest Holdings Limited ("World Invest"), a company incorporated in the BVI. The entire issued share capital of World Invest is beneficially owned by Ms. Lee Choi Lin, Joecy, the spouse of Mr. Lam Kwok Hing.
- These shares are owned by Asia Startup Group Limited ("Asia Startup"), a company incorporated in the BVI. The entire issued share capital of Asia Startup is beneficially owned by Mr. Chu Ki.

All the interests disclosed above represent long position in the shares of the Company.

*(B) Interests in underlying shares of the Company – physically settled unlisted equity derivatives*

None of the Directors or the chief executive of the Company and their respective associates were interested in any long nor short positions in the underlying shares of the Company.

Save as disclosed above, as at 31 December 2005, none of the Directors or the chief executives of the Company and their respective associates had any interests or short positions in shares, underlying shares or debentures of the Company, its subsidiaries or any associated corporations (within the meaning of Part XV of the SFO) which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code.

**Directors' rights to acquire shares or debentures**

Save as disclosed under the heading "Directors' interests and short positions" above, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors, or the chief executive or their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**Share option scheme**

The Company operates a share option scheme (the "SO Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the SO Scheme include the Company's Directors, including non-executive and independent non-executive Directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, persons or entities providing research, development or other technological support to the Group, any minority shareholder in the Company's subsidiaries, and other groups or classes of participants as determined by the Directors. The SO Scheme became effective on 3 December 2001 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The exercise price of the share options is determinable by the Directors, but may not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares.

The total number of shares which may be issued upon exercise of all options to be granted under this SO Scheme must not in aggregate exceed 10% of the total shares of the Company in issue as at the date of approval by the Company's shareholders on 3 December 2001 when this SO Scheme became effective. The Company may seek approval by its shareholders in general meeting for refreshing the 10% limit under the SO scheme. The limit on the number of shares which may be issued after refreshing and upon exercise of all outstanding options granted and yet to be exercised under the SO scheme and any other schemes must not exceed 30% of the shares of the Company in issue from time to time. No options may be refreshed or granted if this will result in the 30% limit being exceeded.

A summary of the movement of share options granted under the SO Scheme during the Period is as follows:

Name or category of participant	At 1 July 2005	Number of share options		At 31 December 2005	Date of grant of share options	Exercise period of share options	Closing price of Company's shares immediately before the date the options were granted/ exercised	
		Granted during the Period	Exercised during the Period				Exercise price of share options HK\$	exercised HK\$
Other eligible participant								
In aggregate	600,000	-	-	600,000	30 April 2002	1 May 2002 to 30 April 2012	0.279	0.279
	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>600,000</u>				

The Directors do not consider it appropriate to disclose a theoretical value of the share options granted, because in the absence of a readily market value of the share options on the ordinary shares of the Company, the Directors were unable to arrive at an assessment of the value of these share options.

No options were cancelled or lapsed during the period ended 31 December 2005.

At 31 December 2005 the Company had 600,000 share options outstanding under the SO Scheme.

## Substantial shareholders' interests in securities

As at 31 December 2005, the interests and short positions of the substantial shareholders of the Company in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### *Interests in shares of the Company*

Name of substantial shareholder	Notes	Number of issued ordinary shares held	Percentage of the issued share capital
Best Global	1	171,000,000	17.29%
World Invest	2	61,200,000	6.19%
Value Partners Limited	3	121,027,000	12.24%
Mr. Cheah Cheng Hye	3	121,027,000	12.24%
Arisaig Greater China Fund ("Arisaig")	4	92,424,000	9.35%
Arisaig Partners (Mauritius) Limited ("Arisaig Mauritius")	5	92,424,000	9.35%
Lindsay William Ernest Cooper	6	92,424,000	9.35%
Pope Asset Management, LLC		55,870,010	5.65%
HSBC Halibis Partners (Hong Kong) Limited		55,695,000	5.63%
UBS AG	7	54,331,000	5.49%
Neon Liberty Capital Management, LLC		49,500,000	5.01%

*Notes:*

1. This represented a direct shareholding of the Company by Best Global and duplicated the interest held by Mr. Lam Kwok Hing in the Company.
2. This represented a direct shareholding of the Company by World Invest and duplicated the interest held by Ms. Lee Choi Lin, Joecy in the Company.
3. Value Partners Limited was holding the 121,027,000 shares as investment manager. Mr. Cheah Cheng Hye was deemed to be interested in the shares through his 31.82% interest in Value Partners Limited.
4. This represented a direct shareholding of the Company by Arisaig.
5. Arisaig Mauritius was the investment manager of Arisaig. This represented an interest in the shares arising by virtue of Arisaig Mauritius acting as discretionary investment manager of Arisaig pursuant to the SFO.
6. Lindsay William Ernest Cooper was deemed to be interested, through his indirect 33.33% beneficial interest, in Arisaig Mauritius.
7. These shares were held by UBS AG as a person having a security interest in shares.

Save as disclosed above, the Company has not been notified of any other person (other than Directors) 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 by the Company under Section 336 of the SFO as at 31 December 2005.

### **Purchase, sale or redemption of the Company's shares**

The Company did not redeem any of its shares during the Period under review. Neither the Company, nor any of its subsidiaries purchased or sold any of the Company's shares during the Period.

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

In the opinion of the Directors, the Company has complied with the Code of Corporate Governance Practices (the "CGP Code") as set out in Appendix 14 of the Listing Rules throughout the Period covered by the interim report.

## **Compliance with Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding Director's securities transactions. Having made specific enquiry of all Directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code for the Period.

## **Audit Committee**

The Company has an Audit Committee for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee consists of one non-executive Director, namely, Ms. Chan Yuk, Foebe and two independent non-executive Directors, namely, Mr. Poon Yiu Cheung, Newman and Ms. Mak Yun Chu. This interim report has been reviewed by the Audit Committee, but has not been audited by the auditors of the Company.

## **Remuneration Committee**

The Company has set up the Remuneration Committee with specific written terms of reference in accordance with the provisions set out in the CGP Code in July 2005. The Remuneration Committee comprise one executive Director, namely, Mr. Lam Kwok Hing and two independent non-executive Directors, namely, Mr. Poon Yiu Cheung, Newman and Ms. Mak Yun Chu.

## **Board of Directors**

As at the date of this report, the Board comprised six executive Directors, namely, Mr. Lam Kwok Hing (Chairman), Mr. Chu Ki, Mr. Fong Yiu Ming, Anson, Ms. Lee Choi Lin, Joecy, Mr. Peng Zhanrong and Mr. Chiau Che Kong; an non-executive Director, namely, Ms. Chan Yuk, Foebe; and three independent non-executive Directors, namely, Mr. John Handley, Mr. Poon Yiu Cheung, Newman and Ms. Mak Yun Chu.

On behalf of the Board  
**Lam Kwok Hing**  
*Chairman*

Hong Kong, 28 March 2006