

## CORPORATE GOVERNANCE

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company did not purchase, redeem or sell any of its own listed securities during the period.

### DISCUSSION AND ANALYSIS OF PERFORMANCE AND MATERIAL FACTORS UNDERLYING RESULTS AND FINANCIAL POSITION

These matters are considered in detail in other sections of this interim report and no further discussion or analysis is required to present a balanced review of the Company's operations for the period.

### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2004, the interests of the directors in the share capital of the Company or 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 pursuant to 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 Companies, were as follows:

Long positions in ordinary shares of the Company:

Name of director	Nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Vincent J Warner	Personal	4,777	0.02

Save as disclosed above, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to 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.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2004, the register kept by the Company under Section 336 of the SFO showed that the Company had been notified of the following interests, being 5% or more of the Company's issued share capital:

Long positions:

Name	Number of ordinary shares held	Percentage of the Company's issued share capital
Friends Ivory & Sime Plc . . . . .	2,602,486	10.68

The Company has been informed by ISIS Asset Management plc ("ISIS") (formerly known as Friends Ivory & Sime Plc) that it no longer has a notifiable interest in the Company's shares. However, the Company has not received any formal notification from ISIS as required under the SFO.

## **CORPORATE GOVERNANCE** (continued)

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Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section “Directors interests in shares, underlying shares and debentures” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### **COMPLIANCE WITH CODE OF BEST PRACTICE (LISTING RULES APPENDIX 14)**

The Company complied with paragraphs 1 to 13 of the Code of Best Practice as set out in Appendix 14 to the Listing Rules of the Stock Exchange throughout the accounting period for the six months ended 30 June 2004, except that the independent non-executive directors are not appointed for specific terms, but are subject to retirement by rotation in accordance with Articles 89(B) and 89(C) of the Company’s Articles of Association.

### **AUDIT COMMITTEE**

The Company established an audit committee in 1998 in accordance with paragraph 14 of the Code of Best Practice.

The Audit Committee has reviewed with management the Company’s financial reporting process and discussed the accounting and internal control matters, including a review of these interim financial statements which have not been audited.

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