

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2004, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or 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 (the “Model Code”) in the Listing Rules, were as follows:

(A) INTERESTS IN THE SHARES

Name of director/ chief executive	Nature of interest	Number of shares		Approximate percentage of the then issued share capital of the Company
		Long position	Short position	
Tsang Chi Wai, Eric	Direct – personal interest	394,000	–	0.006%
Chan Pak Cheung, Natalis	Direct – personal interest	394,000	–	0.006%

(B) OPTIONS TO SUBSCRIBE FOR SHARES

Name of director/ chief executive	Date of grant	Exercisable period	Exercise price per share HK\$	Number of underlying shares comprised in the options	Approximate percentage of the then issued share capital of the Company
Xing Jing	28.7.2003	28.1.2004 to 27.1.2007	0.033	43,000,000	0.685%
Tsang Chi Wai, Eric	28.7.2003	28.1.2004 to 27.1.2007	0.033	35,000,000	0.557%
Chan Pak Cheung, Natalis	13.2.2004	13.8.2004 to 12.8.2007	0.067	10,000,000	0.159%
Wong Kun To	28.7.2003	28.1.2004 to 27.1.2007	0.033	33,000,000	0.525%
Li Wei	28.7.2003	28.1.2004 to 27.1.2007	0.033	43,000,000	0.685%
Ren Jian Hong	13.2.2004	13.8.2004 to 12.8.2007	0.067	18,000,000	0.287%
				<u>182,000,000</u>	<u>2.898%</u>

Save as disclosed above, as at 30 September 2004, none of the directors and chief executive of the Company or any of their associated corporations (within the meaning of the SFO) 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 pursuant to the Model Code had any interest or short position in the shares or underlying shares or debentures of the Company.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2004, the following persons (other than directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Nature of interest	Number of shares		Approximate percentage of the then issued share capital of the Company
		Long position	Short position	
Mr. Qin Hui	Indirect - interest of controlled corporation	2,977,646,524 ^(Note)	-	47.40%
Strategic Media International Limited ("SMI")	Direct - beneficial owner	2,977,646,524	-	47.40%

Note: Mr. Qin Hui owns the entire interest in SMI and was accordingly deemed to have the same interests in the shares as SMI.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the shares or 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 30 September 2004.

DISCLOSURE UNDER RULE 13.22 OF THE LISTING RULES

The total value of the amounts due from the Group's affiliated companies in respect of advances made by the Group was approximately HK\$41,872,000 as at 30 September 2004, representing more than 8% of the percentage ratios as defined under the Listing Rules.

The proforma combined balance sheet of these affiliated companies, to which advances were given, as at 30 September 2004 is as follows:

	HK\$'000
Non-current assets	105,355
Current assets	77,619
Current liabilities	(141,361)
Non-current liabilities	(235,090)
	<u>(193,477)</u>
Group's proforma attributable interests	<u>(82,472)</u>

PURCHASE, SALE AND REDEMPTION OF THE COMPANY SHARES

During the six months ended 30 September 2004, neither the Company nor any of its subsidiaries had repurchased, redeemed or sold any of the listed securities of the Company.

CODE OF BEST PRACTICE

Save that the independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation at annual general meeting in accordance with the Company's bye-laws, none of the Directors is aware of any information that would reasonably indicate that the Company was not for any part of the accounting period for the six months ended 30 September 2004 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

AUDIT COMMITTEE

The Company has established an audit committee in April 1999 with written terms of reference based on the guidelines set out in "A Guide for the Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The primary duties of the audit committee are to review and supervise the financial process and internal control procedures of the Group. The audit committee comprises three independent non-executive directors, namely, Mr. Lam Tak Shing, Mr. Pang Hong and Mr. Qiao Zhen Pu.

On behalf of the Board

Qin Hong

Chairman

Hong Kong, 22 December 2004