

The Board does not consider it appropriate to disclose a theoretical value of the Share Options granted to the directors and employees of the Company in the previous years because a number of factors crucial for valuation cannot be determined; such factors include the exercise period and the conditions that a share option is subject to. Accordingly, any valuation of the share options based on the various speculative assumptions would not be meaningful and could be misleading to the shareholders.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the period six months ended 30th June 2004.

CORPORATE GOVERNANCE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 30th June 2004, in compliance with the Code of Best Practice contained in Appendix 14 to the Listing Rules, except that the non-executive directors of the Company are not appointed for any specific terms but are subject to retirement by rotation in accordance with the Bye-laws of the Company.

For the six months ended 30th June 2004, the Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors during this reporting period, the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions.

AUDIT COMMITTEE

The Company has established an Audit Committee and has adopted the terms of reference governing the authority and duties of Audit Committee. The Audit Committee has reviewed and discussed with management of the Company the accounting principles and practices adopted by the Group, internal controls and financial reporting matter, including a review of the unaudited condensed consolidated financial statements for the six months ended 30th June 2004.

On behalf of the Board

Jun Li

Director

Hong Kong, 27th September 2004