

(I) Appointment or dismissal of directors, supervisors and senior management during the Reporting Period

On 20 May 2005, Mr Kuang Bingwen, an independent non-executive director of the Company, tendered his resignation as the independent non-executive director of the Company for health reasons. The resignation will become effective pending appointment of a new independent non-executive director at the Company's general meeting to fill the vacancy. A general meeting will be held as soon as practicable to elect a new independent non-executive director.

An announcement was made in respect of the aforesaid matter on 24 May 2005.

(II) Interests in share capital and contracts of the directors and supervisors

For the six months ended 30 June 2005, none of the directors or supervisors of the Company, nor their respective associates held any interests in the shares and debt securities or other interests of the Company or of its associated corporations, nor have they been granted or exercised any interests to subscribe for shares or debt securities of the Company or any of its associated corporations, which are required to be recorded in the register kept and maintained in accordance with section 352 of the SFO.

During the Reporting Period, none of the directors or supervisors of the Company had any material interests in any contracts entered into by the Company or its subsidiaries.

(III) Code on Corporate Governance Practices

Save for the Code Provisions (as defined below) in relation to internal control (applicable to the accounting period commencing on or after 1 July 2005), for the six months ended 30 June 2005, the Board is not aware of any information which would indicate that the Company did not comply with the code provisions (the "Code Provisions") of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

(IV) Model Code

The Company has adopted a code of practice with standards not lower than those prescribed in the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by directors. Pursuant to the specific enquiries made by the Company, all Directors confirmed that they had complied with the Model Code in relation to securities transaction by Directors during the Reporting Period.

(V) Employees and remuneration

As at 30 June 2005, the Group had a total of 13,460 employees whose aggregate remuneration amounted to RMB105,039,809, being the total emoluments of employees for the Reporting Period.