

## SUBSTANTIAL SHAREHOLDER

As at 30th June 2005, so far as is known to the Company, the following shareholder, other than Directors or chief executives of the Company, had interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under Part XV of the SFO:

### Long position in the shares of the Company

Name	Number of ordinary shares
Micon Limited	114,118,540

Note: Micon Limited is a wholly-owned subsidiary of South China Industries Limited which is itself a subsidiary of South China Holdings Limited.

Save as disclosed above, as at 30th June 2005, the Company is not aware of any other shareholder who had interest or short position in the shares, underlying shares and debt securities of the Company which would fall to be disclosed to the Company under Part XV of the SFO.

## CODE OF CORPORATE GOVERNANCE PRACTICES

The Company has complied with all code provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 of the Listing Rules during the six months ended 30th June 2005.

### Securities Dealings by Directors

The Company has established written guidelines on no less exacting terms than the required standard of dealings by Directors and relevant employees in respect of their dealings in the securities of the Company. Having made specific enquiries of all Directors and relevant employees of the Company, the Board is pleased to confirm that they have fully complied with the required standard with respect to the securities dealings of the Company pursuant to the Listing Rules during the six months ended 30th June 2005.

**Purchase, sale or redemption of the company's listed securities**

The Company has not redeemed any of its shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

**Audit Committee**

The Audit Committee comprises three Independent Non-Executive Directors of the Company and its terms of reference have been modified to incorporate certain provisions with reference to the Appendix 14 of the Listing Rules. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30th June 2005.

**Remuneration Committee**

The Company has established a Remuneration Committee with specific terms of reference that specify the duties and responsibilities of committee members in accordance with the requirements set out in Appendix 14 of the Listing Rules. The Remuneration Committee comprises an Executive Director and two Independent Non-Executive Directors of the Company.

By Order of the Board

**Feng Shen Chuan**

*Chairman*

Hong Kong, 20th September 2005

*As at the date of this report, the Executive Directors of the Company are Mr. Feng Shen Chuan (Chairman), Ms. Kuo Shu Chen, Mr. Feng Yung Chuan and Ms. Wu Xiaoqin, and the Independent Non-Executive Directors are Mr. Lo Kwok Kwei, David, Mr. Au Wing Kit and Ms Eugenia Yang.*