

SHARE OPTIONS

Under the terms of the share option scheme adopted by the Company, the Board may, at their discretion, grant options to the employee of the Group, including executive directors of the Company, to subscribe for shares in the Company.

During the period, there is no outstanding share option and no share options were granted or exercised during the period.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2005, so far as known to the Company, the following shareholders, other than directors and chief executive of the Company, had interest in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company as follows:

Long positions

Name of shareholder	Note(s)	No. of shares held	Percentage to issued share capital
Keenlead Holdings Limited	1	97,894,000	41.06%
Ms. Ma Xiaoling	1	97,894,000	41.06%
Hai Xia Finance Limited	2	12,200,000	5.12%
Iwai Investments Limited	2	12,200,000	5.12%
China Gas Holdings Limited	2	12,200,000	5.12%
Mr. Chan Heng Fai	3	15,526,400	6.51%
Ms. Chan Yoke Keow	3	15,526,400	6.51%
China Main Investment (H.K.) Company Limited	4, 5	32,000,000	13.42%
Centre Mark Development Limited	4, 5	32,000,000	13.42%
Sino Elite International Limited	4, 5	32,000,000	13.42%
China Main Group Company Limited	4, 5	32,000,000	13.42%
Mr Chen Dacheng	4, 5	32,000,000	13.42%
Shenzhen Venture Capital (BVI) Company Limited	4, 5	32,000,000	13.42%
Mr. Mei Jian	4, 5	32,000,000	13.42%
Mr. Zhang Minlong	4, 5	32,000,000	13.42%

Notes:

1. The entire issued share capital of Keenlead Holdings Limited is wholly and beneficially owned by Ms. Ma Xiaoling.
2. Hai Xia Finance Limited is a wholly owned subsidiary of Iwai's Investments Limited ("IIL") which in turn is a wholly owned subsidiary of China Gas Holdings Limited ("China Gas") and both IIL and China Gas are therefore deemed to have interest in the shares.
3. Ms. Chan Yoke Keow is the spouse of Mr. Chan Heng Fai and is therefore deemed to have interest in the shares.

4. China Main Investment (H.K.) Company Limited ("China Main") is owned as to 60% by Centre Mark Development Limited and as to 40% by Sino Elite International Limited. Centre Mark Development Limited is owned as to 99.99% by Mr. Chen Dacheng and as to 0.01% by China Main Group Company Limited. Sino Elite International Limited is owned as to 99.99% by China Main Group Company Limited and as to 0.01% by Mr. Pai Chin Ming. China Main Group Company Limited is owned as to 99% by Mr. Chen Dacheng and as to 1% by Mr. Pai Chin Ming.
5. On 14 April 2003, Shenzhen Venture Capital (BVI) Company Limited ("Shenzhen Venture Capital") reported that it has a security interest in 32,000,000 shares. Shenzhen Venture Capital is owned as to 50% by Mr. Mei Jian and 50% by Mr. Zhang Minlong.

Save as disclosed above, the Company has not been notified of any other shareholders who had any interest or short position in the shares and underlying shares of the Company as at 30 June 2005 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the period under review, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

During the period under review, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for the following deviations:

- Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Ms. Ma Xiaoling is the chairman and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Ms. Ma and believes that her appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

- Code A.4.1 stipulates that non-executive directors should be appointed for specific terms and subject to re-election.

The independent non-executive directors of the Company were not appointed for any specific terms, as they are subject to retirement by rotation at the Company's annual general meeting in accordance with the Company's Bye-laws.