



CORPORATE GOVERNANCE *(Continued)*

Code Provision A.4.2

Prior to the annual general meeting held on 8 September 2005 (“AGM”), Directors of the Company were not required to retire by rotation at least once every three years. To comply with this code provision A.4.2, the amendments to the Company’s Bye-laws were approved by the shareholders at the AGM to provide, inter alia, that every director shall be subject to retirement by rotation at least once every three years.

Code Provision E.1.2

The Chairman of the Board did not attend the annual general meeting of the Company held on 8 September 2005 because of an unexpected urgent business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. The Company confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code for the period ended 30 September 2005.

DISCLOSURE PURSUANT TO CHAPTER 13 OF THE LISTING RULES

As at 30 September 2005, there were 494,872,087 shares of the Company (the “Shares”) in issue. Based on the average closing price of the Shares of HK\$0.266 as stated in daily quotation sheets of The Stock Exchange of Hong Kong Limited for the 5 trading days immediately preceding 30 September 2005, the total market capitalisation (the “Total Market Capitalisation”) of the Company was HK\$131,635,975.



DISCLOSURE PURSUANT TO CHAPTER 13 OF THE LISTING RULES *(Continued)*

(A) Advance to an entity

In compliance with Rule 13.13 of Chapter 13 of the Listing Rules, details of the advances provided by the Group to the subsidiaries of the following entity as at 30 September 2005 which in aggregate has exceeded 8% of the Total Market Capitalisation are set out below:

Name of an entity	Financial assistance <i>HK\$'000</i>
International Entertainment Corporation ("IEC") <i>(Notes 1 & 2)</i>	12,133

Note 1: The Group has provided advances to the subsidiaries of IEC, namely Anbo Global Company Limited, Cyber On-Air Limited and Cyber On-Air (Asia) Limited. The interest bearing balances due to the Group as at 30 September 2005 is HK\$11,800,000. The loans are interest bearing, repayable on or before 30 June 2006 and are secured by corporate guarantee provided by IEC. Included in this amount is HK\$11,300,000 which bears interest at HIBOR+2% per annum and the remaining balance which bears interest at Prime Rate +1%.

Note 2: The remaining balance representing rental and administrative expenses to be reimbursed from a subsidiary of IEC, for sharing the Group's office premises and utilities which were calculated in proportion to the office space occupied. Administrative expenses were charged on actual incurred basis taking into account the headcount and/or office space occupied.



DISCLOSURE PURSUANT TO CHAPTER 13 OF THE LISTING RULES *(Continued)*

(B) Financial assistance to affiliated companies

- (a) In compliance with Rule 13.16 of Chapter 13 of the Listing Rules, details of the financial assistance given to the following affiliated companies of the Group as at 30 September 2005 which in aggregate has exceeded 8% of the Total Market Capitalisation are set out below:

Name of affiliated companies	Percentage of Group's attributable interests	Financial Assistance <i>HK\$'000</i>
Asia V-Sat Co. Ltd. ("AVSAT") <i>(Note 1)</i>	20%	40,143
Cyber China Inc. ("CCI") <i>(Note 2)</i>	50%	153,247
		<hr/> 193,390

Note 1: The Group has provided shareholder's loan to AVSAT and its certain subsidiaries. The amount is interest free, unsecured and has no fixed term of repayment.

Note 2: The Group has provided shareholder's loan to CCI. The amount is interest free, unsecured and has no fixed term of repayment.



DISCLOSURE PURSUANT TO CHAPTER 13 OF THE LISTING RULES (Continued)

(B) Financial assistance to affiliated companies (Continued)

- (b) In compliance with Rule 13.22 of Chapter 13 of the Listing Rules, the unaudited proforma combined balance sheet of these affiliated companies as at 30 September 2005 is disclosed as follows:

HK\$'000

ASSETS	
Non-current assets	
Investment in associated companies	326
Current Assets	
Debtors, prepayments and other deposits	9,321
Cash and bank balances	51
	<hr/>
	9,372
	<hr/>
Current Liabilities	
Creditors, deposits and accruals	(9,068)
Amount due to immediate holding company	(153,259)
	<hr/>
	162,327
	<hr/>
Net current liabilities	(152,955)
	<hr/>
Total assets less current liabilities	(152,629)
Non-current liabilities	
Long term loans	(23,241)
	<hr/>
Net liabilities	(175,870)
	<hr/>
CAPITAL AND RESERVES	
Share capital	9,085
Reserves	(184,955)
	<hr/>
	(175,870)
	<hr/>