

## SUBSTANTIAL SHAREHOLDERS

As at 30th June 2006, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Name	Capacity	Number of Shares held	Approximate percentage of interests held
Porterstone	Beneficial owner	61,905,000	
	Interest of controlled corporation	<u>18,510,000*</u>	
		<u>80,415,000</u>	<u>12.87</u>
PMA Capital Management Limited	Investment manager	<u>80,000,000**</u>	<u>12.81</u>
Diversified Asian Strategies Fund	Beneficial owner	<u>42,410,000</u>	<u>6.79</u>
PMA Asian Opportunities Fund	Beneficial owner	<u>31,800,000</u>	<u>5.09</u>

All interests stated above represent long positions.

\* These shares are held by Dorest, a wholly-owned subsidiary of Glenstone Investments Limited which is in turn beneficially owned as to 60% by Porterstone.

\*\* These shares are held as to 42,410,000 shares by Diversified Asian Strategies Fund, as to 31,800,000 shares by PMA Asian Opportunities Fund and as to 5,790,000 shares by Asian Diversified Total Return Limited Duration Company. PMA Capital Management Limited manages these three funds on a discretionary basis.

Other than as disclosed above, the Company had not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital as at 30th June 2006.

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30th June 2006, except for the following deviations:

### 1. Code Provision A.4.1

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, all the independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company's bye-laws. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

### 2. Code Provisions B.1.4 and C.3.4

Under the code provisions B.1.4 and C.3.4 of the Code, the issuer should make available the terms of reference of its remuneration committee and audit committee on request and by including the information on the issuer's website.

The Company has not yet established its own website until July 2006, therefore, for the six months ended 30th June 2006, the above requirement regard to provide such information on website cannot be met accordingly. However, the terms of reference of these two committees are available on request.

The terms of reference of and the information on the remuneration committee and the audit committee will soon be included in the website of these Company in accordance with the code provisions B.1.4 and C.3.4 of the Code

## ADOPTION OF THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30th June 2006. The Model Code also applies to other specified senior management of the Group.

## REMUNERATION COMMITTEE

The Company has established a remuneration committee with written terms of reference in accordance with the code provision B.1.1 on 31st August 2005. The remuneration committee comprises two independent non-executive directors, namely Mr. Hung Cho Sing and Mr. Fung Ho Sum, and an executive director, namely Ms. Chen Ming Yin, Tiffany. Ms. Chen Ming Yin, Tiffany is the chairman of the remuneration committee. The remuneration committee is principally responsible for formulating and making recommendation to the board of directors of the Company on the Group's policy and structure for all remuneration of the directors of the Company and senior management of the Group. The terms of reference of the remuneration committee shall make available to the public on request and will soon be included in the website of the Company.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June 2006.

## **AUDIT COMMITTEE**

The audit committee of the Company as at 30th June 2006 was comprising Messrs. Hung Cho Sing, Ho Wai Chi, Paul and Fung Ho Sum, all being independent non-executive directors. Mr. Ho Wai Chi, Paul is the chairman of the audit committee.

The principal duties of the audit committee are to review with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including reviews of interim and annual financial statements.

The unaudited condensed consolidated interim financial statements for the six months ended 30th June 2006 have been reviewed by the audit committee of the Company as well as the Group's external auditors in accordance with Statement of Auditing Standards No. 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants.

The terms of reference of the audit committee shall make available to the public on request and will soon be included in the website of the Company.

## **BOARD OF DIRECTORS**

As at the date of this report, the executive directors of the Company are Mr. Heung Wah Keung (*Chairman*), Ms. Chen Ming Yin, Tiffany (*Vice Chairman*) and Ms. Li Yuk Sheung; the independent non-executive directors of the Company are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Fung Ho Sum.

By Order of the Board  
**Heung Wah Keung**  
*Chairman*

Hong Kong, 26th September 2006