



SUBSTANTIAL SHAREHOLDERS

At 30 June 2005, the register of substantial shareholders maintained under Section 336 of the SFO showed that, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital:

| Name of shareholder | Number of ordinary shares | Percentage of the Company's share capital |
|----------------------------|--------------------------------------|--|
| MWC | 80,712,000 | 8.63% |
| IFL | 79,668,000 | 8.52% |

All the interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, the Company has not been notified by any other person (other than a director of the Company disclosed above) who has an interest or short position in the shares or underlying shares of the Company pursuant to Section 336 of the SFO as at 30 June 2005.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rule throughout the six months ended 30 June 2005, with deviation from code provisions A.4.1 and A.4.2 of the Code in respect of service term and rotation of directors.

Under the code provision A.4.1 and A.4.2 of the Code, (a) non-executive directors should be appointed for a specific term and subject to re-election; and (b) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

None of the existing non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, they are subject to the retirement by rotation under the Bye-laws of the Company. As such, 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.



CORPORATE GOVERNANCE (cont'd)

Under the Bye-laws of the Company, the Chairman of the Board were not subject to retirement by rotation. This constituted a deviation from the code provision A.4.2 of the Code. To comply with the code provision, relevant amendment to Bye-laws of the Company was proposed subject to the approval of the shareholders at the forthcoming general meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in Model Code throughout the six months ended 30 June 2005.

AUDIT COMMITTEE

The Company's Audit Committee comprises three Independent Non-executive Directors, namely Mr. Ou Ying Ji, Mr. Lin Jian and Mr. Lee Pak Chung.

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The Audit Committee has regularly reviewed with the management the accounting principles and policies adopted by the Group. The unaudited interim financial statements for the six months ended 30 June 2005 was reviewed by the Audit Committee.

BOARD OF DIRECTORS

As at the date of the Board Meeting for this interim results announcement on 12 September 2005, the Board of the Company comprises of three executive Directors, namely Mr. Lau Jin Wei, Jim, Mr. Wong Ying Yin and Ms. Wong Wai Kwan, Connie; one non-executive Director, namely Mr. Yip Wai Leung, Jerry; three independent non-executive Directors, namely Mr. Ou Ying Ji, Mr. Lin Jian and Mr. Lee Pak Chung.