

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 June 2005, the interests of a director of the Company in share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

**(I) SHARES**

<b>Name of director</b>	<b>Number of shares held through controlled corporation</b>	<b>Percentage of the Company's issued share capital</b>
Mr. Zhou Chu Jian He ( <i>Note</i> )	216,730,500	51.37

*Note:* 216,730,500 shares are held by Prime Century Investments Limited, a wholly-owned subsidiary of Junefield (Holdings) Limited, which is in turn beneficially owned by Mr. Zhou Chu Jian He, the Chairman of the Company.



## (II) SHARE OPTIONS

As at 30 June 2005, the Directors and certain employees of the Company had the following interests in rights to subscribe for shares of the Company granted under the share option scheme. Each option gives the holder the right to subscribe for one share of par value HK\$0.1 each of the Company.

Category or Name	Date of share options granted <sup>*</sup>	Number of share options		Exercisable period of share options	Total consideration paid for share options granted HK\$	Price per share to be paid on exercise of share option HK\$	During the period number of share options			Number of share options held on 30 June 2005 '000
		Held on 1 January 2005 '000	Granted during the period '000				Exercised '000	Lapsed '000	Cancelled '000	
<b>Directors</b>										
Zhou Chu Jian He	12/03/2004	4,218	–	12/09/2004 to 11/09/2006*	1	0.13	–	–	–	4,218
Yiu Yu Keung, George	12/03/2004	4,218	–	12/09/2004 to 11/09/2006*	1	0.13	–	–	–	4,218
Li Jong Tong, Timothy	12/03/2004	4,218	–	12/09/2004 to 11/09/2006*	1	0.13	–	–	–	4,218
Zhang Xiao Bing, Adam	12/03/2004	4,218	–	12/09/2004 to 11/09/2006*	1	0.13	–	–	–	4,218
<b>Employees</b>	12/03/2004	10,544	–	12/09/2004 to 11/09/2006*	3	0.13	–	–	–	10,544

\* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

\* If 11 September 2006 is not a business day in Hong Kong, the exercisable period shall end at the close of business on the last business day preceding that day.



Save as disclosed above, as at 30 June 2005, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES**

As at the 30 June 2005, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

<b>Name</b>	<b>Note</b>	<b>Capacity and nature of interest</b>	<b>Number of ordinary shares</b>	<b>Percentage of the Company's issued share capital</b>	<b>Number of share options held</b>
Prime Century Investments Limited	(1)	Directly beneficially owned	216,730,500	51.37	–
Junefield (Holdings) Limited	(1)	Through a controlled corporation	216,730,500	51.37	–
Mr. Zhou Chu Jian He	(1)	Through a controlled corporation	216,730,500	51.37	–
Ranbridge Finance Limited	(2)	See note (2) below	215,416,500	51.05	–
Mr. Zhou Chu Jian He		Directly beneficially owned	–	–	4,218,000
Liu Xiao Fang		Directly beneficially owned	38,236,000	9.06	–
Yuan Ling		Directly beneficially owned	25,490,000	6.04	–

*Note:*

- (1) The 216,730,500 shares are held by Prime Century Investments Limited, a wholly-owned subsidiary of Junefield (Holdings) Limited, which is in turn beneficially owned by Mr. Zhou Chu Jian He, the Chairman of the Company.
- (2) Prime Century Investments Limited has executed a debenture dated 26 February 2005 in favour of Ranbridge Finance Limited incorporating a first floating charge over the undertaking, properties and assets of Prime Century Investments Limited, the immediate holding company of the Company.



Save as disclosed above, as at the 30 June 2005, no person, other than the directors of the Company, whose interests are set out in the section "Director's interest and short position in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company and the other member of the Group that was required to be recorded pursuant to Section 336 of the SFO.

#### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

#### **DISCLOSURE PURSUANT TO RULES 13.13, 13.15 AND 13.20 OF THE LISTING RULES**

As at 30 June 2005, trade receivables from 「北京亞晨企業文化發展有限公司」 which are unsecured, interest free and with credit terms of approximately twelve months upon certification of work done resulted from the ordinary and normal course of business of the Group amounted to approximately HK\$3,980,000 (RMB4,140,000) representing approximately 10.5% of the Company's Market Capitalisation as at 30 June 2005.

Saved as disclosed above, the Company does not have other disclosure obligations under 13.13, 13.15 and 13.20 of the Listing rules.



## **DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES**

The Company was granted a loan facility of HK\$35,000,000 (the "Loan") pursuant to the loan agreements dated 10 April 2003, 15 October 2003, 14 May 2004, 29 October 2004 and 26 February 2005, with inter alia, the Lender agreed, among other things, to (i) increase the principal amount of the Loan to HK\$35,000,000 and (ii) further extend the repayment date of the Loan to 6 months from the date of drawdown of the new Loan or such later date as agreed in writing between the parties. Among other condition precedents of the Loan agreements, Prime Century Investments Limited ("Prime Century"), the immediate holding company of the Company is required to execute in favour of the lender a share mortgage in respect of all issue share(s) of Prime Century and a debenture in respect of all the undertakings, properties and assets of Prime Century. The Loan agreements provide that the Company shall procure Prime Century to maintain its shareholding in the Company at not less than 51% during the term of the Loan agreements and that Prime Century's shareholding in the Company shall not be reduced below 51% during such term without prior consent of the Lender.

Saved as disclosed above, the Company does not have other disclosure obligations under 13.18 and 13.21 of the Listing rules.

## **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 have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2005.



## CODE ON CORPORATE GOVERNANCE

The Company has adopted its own code on corporate governance practices which incorporates all the code provisions in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules (the "CG Code"). In order to comply with the CG Code, the following measures have been implemented by the Company:

### *Code Provision A.2.1*

A Chief Executive Officer ("CEO") was appointed by the Company on 1 March 2005, namely Mr. Liu Zhong Sheng. The responsibilities and duties of both the Chairman and CEO have been stated in the Company's Corporate Governance Manual.

### *Code Provision A.4.2*

The amendments to the Company's Bye-laws were passed in the 2005 annual general meeting of the Company which was held on 23 June 2005. The Company's Bye-laws was amended to the effect that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

### *Code Provision A.5.4*

The Company has issued a written guideline to the Company's employees, directors and employees of the holding company and subsidiaries of the Company on no less exacting terms than the Model Code for relevant employees in respect of their dealings in the securities of the Company.

### *Code Provision B.1.1*

The Company has set up Remuneration Committee in July 2005 and adopted the terms of reference which are in line with the CG Code.



*Code Provision C.3.3*

The Audit Committee has adopted revised terms of reference which are in line with the CG Code in July 2005.

In the opinion of the directors, the Company has complied throughout the period with the code provisions set out in the CG Code except for the following deviations:

*Code Provision A.1.1*

The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the first half of the Year 2005, the quarterly board meeting has not been held, but the board will comply with the Code Provision A.1.1 from the second half of the year.

*Code Provision E.1.2*

The Chairman agreed to comply with the Code Provision E.1.2, but the Chairman has not attended the annual general meeting this year for exceptional case.

As such, the Company considers that sufficient measures have been taken to ensure that its own corporate governance practices are no less exacting than the code provisions in the CG Code.

**AUDIT COMMITTEE**

The Audit Committee comprises of three Independent Non-executive Directors, Mr. Chan Kwok Wai, Mr. Leung Man Kit, and Mr. Lam Man Sum, Albert. Mr. Chan is the chairman of the Audit Committee. The Group's unaudited financial statements for the six months ended 30 June 2005 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.



## REMUNERATION COMMITTEE

The Remuneration Committee is headed by Mr. Leung Man Kit, an Independent Non-executive Director. The other members of the Remuneration Committee are Independent Non-executive Directors namely Mr. Chan Kwok Wai and Mr. Lam Man Sum, Albert.

By Order of the Board

**Zhou Chu Jian He**

*Chairman*