

## SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2005, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholders of the Company had an interest of 10 per cent or more of the issued share capital of the Company:

### Number of shares

He Fu International Limited	48,169,125*	50.18%
-----------------------------	-------------	--------

\* *These shares are held by He Fu International Limited, and have been disclosed as the corporate interests of Mr. Zhang Hongwei in the section headed "DIRECTORS INTEREST IN SHARES".*

Save as disclosed above, the Company has not been notified of any other interests representing 10 per cent or more of the Company's issued share capital as at 30th September, 2005.

## CHANGE OF DOMICILE AND CAPITAL REORGANISATION

The Company has been deregistered from Cayman Islands and duly continued into Bermuda as an exempted company under the laws of Bermuda. The Change Domicile became effective on 22nd July, 2005 (Cayman Island time). The Company reorganised its capital structure on 8th August, 2005.

## PURCHASE, SALE AND REDEMPTION OF SALES

During the six months ended 30th September, 2005 the Company and its subsidiaries have not purchased, sold or redeemed any listed securities of the Company.

## CORPORATE GOVERNANCE

During the six months ended 30th September, 2005, the Company has noticed certain deviations from the certain code provisions on Corporate Governance Practices (the "Code") as follows.

Under the code provision A5.4, the roles of the chairman and the chief Executive Officer (the "CEO") should not be performed by the same individual. The roles and responsibilities of the chairman and the CEO should be clearly stated in writing. However, the Directors will meet regularly to discuss major issues that may affect the Company. The Directors also consider that such structure will not affect the balance of power and authority between the Board and the management of the Company.

The Company has established audit committee which is comprised of two independent non-executive directors (“INED”). The Company is looking for the appointment of appropriate as INED and who will also be appointed as a member of the Audit Committee of the Company.

The Company will establish Remuneration Committee in compliance with the Code. The primary duties of the Remuneration Committee is to determine specific remuneration packages, review and approve performance-based remuneration, termination compensation with reference to the prevailing market conditions.

## **CODE OF BEST PRACTICE**

In the opinion of the Directors, the Company has compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

## **PUBLICATION ON THE RESULTS ON THE STOCK EXCHANGE’S WEBSITE**

All information required by paragraphs 46(1) to 46(6) in Appendix 16 to the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in the course.

As of the date hereof, the Board of the Company comprises four Executive Directors namely Mr. Zhang Hongwei (Chairman), Mr. Guan Guoliang, Mr. Wong Wing Ming, Mr. Zhu Jun and two Independent Non-Executive Directors, Mr. San Fung and Mr. Chau Siu Wai.

By order of the Board  
**Zhang Hongwei**  
*Chairman*

Hong Kong 12th December, 2005