

MAE HOLDINGS LIMITED**CORPORATE GOVERNANCE**

The Company is committed to ensuring high standards of corporate governance in the interest of its shareholders and devotes considerable effort to identify and formalise its best practices.

In the opinion of the Board, the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 31 October 2005, except for its deviation from Code A.2.1.

Code A.2.1 stipulates that the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same person. The company does not have a separate Chairman and CEO and Mr. Lo Wai Shing Felix currently holds both positions. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules (“Model Code”). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed that they have fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee of the Company presently comprises the three independent non-executive directors. One of the independent non-executive directors is a Certified Public Accountant in Hong Kong with substantial experience in corporate finance, auditing and financial management. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 31 October 2005 with the management.

REMUNERATION COMMITTEE

The Company has established a remuneration committee with written terms of reference in compliance with B.1.1 as set out in Appendix 14 of the Listing Rules. The principal responsibilities of the remuneration committee include making recommendations to the Board on the Company’s policy and structure for all remuneration of directors and senior management by reference to corporate goals and objects resolved by the Board from time to time. The remuneration committee comprises four members namely Mr. Lo Wai Shing Felix who is executive directors of the Company, Mr. Chu Chin Fan, Mr. Yeong Yun Hong Gary and Ms. Yan Po Kwan Sheral who are independent non-executive directors.

MAE HOLDINGS LIMITED**PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period, none of the directors had any interests in competing business of the Company which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The Company's 2005/06 interim report which sets out all the information required by paragraphs 46(1) to 46(6) inclusive in Appendix 16 of the Listing Rules will be available for publication on the website of The Stock Exchange of Hong Kong Limited (<http://www/hkex.com.hk>) in due course.

BOARD OF DIRECTORS

As at the date of this report, the Board of Directors of the Company comprises Mr. Lo Wai Shing Felix, Mr. Lau Kevin and Ms. Leung Wai Kuen Cerene as executive directors and Mr. Yeong Yun Hong Gary, Mr. Chu Chin Fan and Ms. Yan Po Kwan, as independent non-executive directors.

On behalf of the Board

Lo Wai Shing, Felix

Chairman

Hong Kong, 12 January 2006