

# Corporate Governance and Other Information

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2006.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2006.

## BOARD OF DIRECTORS

The Board currently comprises three executive directors, being Mr. LI Wenyue, Mr. ZHANG Hui and Mr. LI Wai Keung, four non-executive directors, being Mr. CHENG Mo Chi, Moses, Mr. ZHAI Zhiming, Ms. WANG Xiaofeng and Ms. XU Wenfang, and three independent non-executive directors, being Mr. CHAN Cho Chak, John, Dr. LI Kwok Po, David, and Mr. FUNG, Daniel R.

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The Management was delegated the authority and responsibility by the Board for the day-to-day management of the Group. Major corporate matters that are specifically delegated by the Board to the Management include the preparation of interim and annual reports and announcements for board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory and regulatory requirements and rules and regulations.

## AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") in September 1998 and its terms of reference are in line with the CG Code. The Audit Committee comprises Dr. LI Kwok Po, David, Mr. CHAN Cho Chak, John, Mr. FUNG, Daniel R. and Mr. CHENG Mo Chi, Moses. Dr. LI Kwok Po, David is the Chairman of the Audit Committee. The principal duties of the Audit Committee include, inter alia, the review of the completeness, accuracy and fairness of the Company's financial reports and the Group's internal controls and risk management systems.

## REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim financial statements and the interim report of the Group for the six months ended 30 June 2006. In addition, the Company's external auditors, Ernst & Young, have also reviewed the aforesaid unaudited interim financial statements.

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## REMUNERATION COMMITTEE

The Company has also established a remuneration committee ("Remuneration Committee") in June 2005 and its terms of reference are in line with the CG Code. The Remuneration Committee comprises Mr. CHAN Cho Chak, John, Dr. LI Kwok Po, David, Mr. FUNG, Daniel R. and Mr. CHENG Mo Chi, Moses. Mr. CHAN Cho Chak, John is the Chairman of the Remuneration Committee. The principal duties of the Remuneration Committee include, inter alia, making recommendations to the Board relating to the Company's policy for directors' and senior management's remuneration, determining the executive directors' and senior management's remuneration packages, reviewing and approving their performance-based remuneration and compensation payable for their loss of offices.

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2006, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited save and except that the Company has issued the following new ordinary shares to certain option holders pursuant to the Company's share option scheme during the period:

No. of new ordinary shares issued	Exercise price per ordinary share HK\$	Cash consideration HK\$
1,900,000	0.96	1,824,000
1,000,000	1.22	1,220,000
730,000	1.25	912,500
1,100,000	1.59	1,749,000
Total	4,730,000	5,705,500

## INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of 5.0 HK cents (2005: 4.0 HK cents) per ordinary share for the six months ended 30 June 2006. The interim dividend will be paid to the shareholders whose names appear on the register of members of the Company (the "Register of Members") on 6 October 2006. The interim dividend will be paid on 20 October 2006.

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### CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed on 5 October 2006 and 6 October 2006, during these two days no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tengis Limited, of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 October 2006.

By order of the Board

**LI Wenyue**

*Chairman*

Hong Kong, 13 September 2006