

Save as disclosed above, as at 30 June 2006, none of the Directors and Chief Executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

SHARE OPTIONS

Under the terms of the share option scheme adopted by the Company, the Board may, at their discretion, grant options to the employee of the Group, including Executive Directors of the Company, to subscribe for shares in the Company.

During the period, there is no outstanding share option and no share options were granted or exercised during the period.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at 30 June 2006, the following persons had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO, who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name	<i>Notes</i>	No. of shares held	Percentage to issued share capital
Keenlead Holdings Limited	1	120,212,256	42.03%
Ms. Ma Xiaoling	1	120,212,256	42.03%
China Main Investment (H.K.) Company Limited	2,3	32,000,000	11.19%
Centre Mark Development Limited	2,3	32,000,000	11.19%
Sino Elite International Limited	2,3	32,000,000	11.19%
China Main Group Company Limited	2,3	32,000,000	11.19%
Mr. Chen Dacheng	2,3	32,000,000	11.19%
Shenzhen Venture Capital (BVI) Company Limited	2,3	32,000,000	11.19%
Mr. Mei Jian	2,3	32,000,000	11.19%
Mr. Zhang Minlong	2,3	32,000,000	11.19%

Notes:

- The entire issued share capital of Keenlead Holdings Limited is wholly and beneficially owned by Ms. Ma Xiaoling.

2. China Main Investment (H.K.) Company Limited ("China Main") is owned as to 60% by Centre Mark Development Limited and as to 40% by Sino Elite International Limited. Centre Mark Development Limited is owned as to 99.99% by Mr. Chen Dacheng and as to 0.01% by China Main Group Company Limited. Sino Elite International Limited is owned as to 99.99% by China Main Group Company Limited and as to 0.01% by Mr. Pai Chin Ming. China Main Group Company Limited is owned as to 99% by Mr. Chen Dacheng and as to 1% by Mr. Pai Chin Ming.
3. On 14 April, 2003, Shenzhen Venture Capital (BVI) Company Limited ("Shenzhen Venture Capital") reported that it has a security interest in 32,000,000 shares. Shenzhen Venture Capital is owned as to 50% by Mr. Mei Jian and 50% by Mr. Zhang Minlong.

Save as disclosed above, the Company has not been notified of any other shareholders who had any interest or short position in the shares and underlying shares of the company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company as at 30 June 2006.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the period under review, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

The Group was committed to maintaining high level of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner.

During the period under review, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for the following deviations:

- Code A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual.

Ms. Ma Xiaoling is the Chairman and Chief Executive Officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Ms. Ma and believes that her appointment to the posts of Chairman and Chief Executive Officer is beneficial to the business prospects of the Company.