

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2005 so far as is known to the Directors, the persons/companies (not being a Director or chief executive and their associates of the Company) who had interests or short positions in the shares or 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 were as follows:

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Shen Gang	Beneficial owner (Note 1)	70,568,000	19.9%
Mr. Wang Chun Lin	Held by controlled corporation (Note 1)	70,568,000	19.9%
Mr. Luk Cheong	Held by controlled corporation (Note 1)	70,568,000	19.9%
Key Mark Investments Limited ("Key Mark")	Beneficial owner (Note 2)	59,176,000	16.7%
Ms. Kwok Kit Ping	Held by controlled corporation (Note 2)	59,176,000	16.7%
Parkwin	Beneficial owner (Note 3)	49,312,000	13.9%
Mr. Li Jian Wei	Held by controlled corporation (Note 3)	49,312,000	13.9%

Notes:

1. Mr. Luk Cheong and Mr. Wang Chun Lin beneficially own 6,800,000 and 6,600,000 ordinary shares of US\$1 each in Shen Gang, representing approximately 34% and 33% of the issued share capital of that company, respectively. Shen Gang in turn owns 70,568,000 ordinary shares of the Company.
2. Ms. Kwok Kit Ping beneficially owns the entire issued share capital of Key Mark. Key Mark in turn owns 59,176,000 ordinary shares of the Company.
3. Mr. Li Jian Wei beneficially owns 40,000 ordinary shares of US\$1 each in Parkwin, representing approximately 80% of the issued share capital of that company. Parkwin in turn owns 49,312,000 ordinary shares of the Company.

Save for the interests disclosed above, the Directors were not aware of any other person being interested in 5% of more or short position in the shares or 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 as at 30 September 2005.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the period under review, neither the Company nor its subsidiary purchased, redeemed or sold any of the Company's shares during the six months period ended 30 September 2005.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") with written terms of reference in compliance with the Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises of three independent non-executive directors of the Company, namely Mr. Li Man Nang, Mr. Wang Tianye and Ms. Fang Tsz Ying. The unaudited consolidated financial statements of the Group for the six months period ended 30 September 2005 have been reviewed by the Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months period ended 30 September 2005, the Company complied with the Model Code set out in Appendix 10 of the Listing Rule as a Code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the Period with the following deviations:

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive Directors and independent non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from the code provision A.4.1. However, all Directors of the Company (including executive, non-executive, and independent non-executive Directors) are subject to retirement by rotation at each annual general meeting under the Articles of Association (“AA”) of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG code.

Code Provision A.4.2

According to the existing AA of the Company, at each annual general meeting one-third of the Directors, or if their number is not 3 or a multiple of 3, then the nearest to but not exceeding one-third, shall retire from office by rotation provided that no Director holding office as Chairman or Vice Chairman or the office of Managing Director or Joint Managing Director shall be subject to retirement by rotation.

A resolution will be proposed at the next general meeting of the Company to seek the approval of the shareholders of the Company to amend the Articles so that all Directors appointed to fill a casual vacancy should be subject to election by the shareholders of the Company at the first general meeting after their appointment and every Directors, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Code Provision B.1.1 to B.1.4

The Company has not established a remuneration committee in view of the Company’s simple structure and low staff cost. The Board will re-consider establishment of remuneration committee periodically.

BOARD OF DIRECTORS

The directors of the Company as at the date of this report are Messrs. Wang Chun Lin being the Executive Director, Messrs. Luk Cheong, Wang Annie and Li Jian Wei being the Non-Executive Directors. Messrs. Li Man Nang, Wang Tianye and Fang Tsz Ying being the Independent Non-Executive Directors.

By Order of the Board
Wang Chun Lin
Chairman

Hong Kong, 5 December 2005