

## INNER MONGOLIA DEVELOPMENT (HOLDINGS) LIMITED

The interests stated above represent the directors' interests in the shares of the Company, the directors' interests in the share options of the Company are disclosed in the section headed "Share Option Scheme" above.

Save as disclosed above, at 30th September, 2005, none of the directors nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" above, at no time during the six months ended 30th September, 2005 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors, or their spouses or children under the age of eighteen, had any right to subscribe for the securities of the Company, or had exercised any such rights during the period.

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 30th September, 2005, the register of shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of shareholder	Capacity	Number of ordinary shares held	Percentage of the Company's issued share capital
Mainland Talent	Interest of controlled corporation	36,345,900 (Notes 1 & 2)	16.44%
Capital Sun	Interest of controlled corporation	36,345,900 (Notes 1 & 2)	16.44%

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Name of shareholder	Capacity	Number of ordinary shares held	Percentage of the Company's issued share capital
Red China	Interest of controlled corporation	36,345,900 (Notes 1 & 2)	16.44%
Goodnews	Beneficial owner	35,000,000 (Notes 3)	15.83%
Greatdeal	Interest of controlled corporation	35,000,000 (Notes 3)	15.83%
Yau Shum Tek, Cindy	Interest of controlled corporation	71,345,900 (Notes 1, 2 & 3)	32.27%

Notes:

1. At 30th September, 2005, Multiple Wealth and Pacific Rim held 9,615,900 and 26,730,000 ordinary shares of the Company, representing approximately 4.35% and 12.09% of the issued share capital of the Company at that date, respectively. Multiple Wealth and Pacific Rim are wholly-owned subsidiaries of Hastings Gold, which in turn, is a wholly-owned subsidiary of Mainland Talent.
2. Ms. Yau Shum Tek, Cindy wholly owns and controls Red China and Capital Sun. Capital Sun wholly owns Future Star. Each of Red China and Future Star is interested in 50% of the issued share capital of Mainland Talent. Ms. Yau Shum Tek, Cindy is deemed to be interested in a total of 36,345,900 ordinary shares of the Company held by Multiple Wealth and Pacific Rim.
3. On 13th June, 2005, the Company entered into a conditional subscription agreement for the issue of 35,000,000 ordinary shares to Goodnews. The completion date of the subscription agreement will be on or before 1st February, 2006. Goodnews is wholly-owned by Greatdeal which in turn is wholly-owned by Ms. Yau Shum Tek, Cindy. Accordingly, Ms. Yau Shum Tek, Cindy is deemed to be interested in a total of 35,000,000 ordinary shares of the Company held by Goodnews.

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Save as disclosed above, at 30th September, 2005, the Company had not been notified by any persons who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2005.

### AUDIT COMMITTEE

The condensed financial statements of the Company for the six months ended 30th September, 2005 have not been audited, but have been reviewed by the Audit Committee and external auditors of the Company.

### CORPORATE GOVERNANCE

On 1st January, 2005, the Code of Best Practices was replaced by the Code on Corporate Governance Practices ("Code") contained in Appendix 14 of the Listing Rules. The Company adopted all the code provisions in the Code as its own code on corporate governance practices. During the six months ended 30th September, 2005, the Company has complied with the code provisions as set out in the Code and there has been no material deviations from the Code.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that in respect of the six months ended 30th September, 2005, all directors have complied with the required standard set out in the Model Code.

By Order of the Board  
**Kwong Wai Tim, William**  
Managing Director

Hong Kong, 21st December, 2005