

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 October 2005, so far as is known to the Directors, the following persons (other than the Directors and Chief Executive of the Company) 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:

Long positions in Shares and the underlying shares

Name	Nature of interest	Ordinary shares held	Percentage of the issued shares
Invest Gain Limited	Beneficial owner	1,200,000,000	48.31
Wealth Bonus Limited	Beneficial owner	240,591,000	9.68
Mr. Li Song Xiao	Held by controlled corporate (note a)	1,200,000,000	48.31
Ms. Liu Hui	Held by spouse (note b)	1,200,000,000	48.31
Mr. Liu Tong Yu	Held by controlled corporation (note c)	240,591,000	9.68
Mr. Wang Yan	Beneficial owner (note d)	400,000,000	16.11
Mr. Wong Kai Wing	Beneficial owner	179,070,000	7.21

Notes:

- (a) These shares are held by Invest Gain Limited, which is beneficially wholly owned by Mr. Li Song Xiao.
- (b) Ms. Liu Hui is deemed to be interested in 1,200,000,000 ordinary shares of the Company, being the interests held beneficially by her spouse, Mr. Li Song Xiao.
- (c) These shares are held by Wealth Bonus Limited, which is beneficially wholly owned by Mr. Liu Tong Yu.
- (d) Mr. Wang Yan is a holder of convertible note of the Company, is deemed to be a shareholder of the Company and has the rights to convert the note into 400,000,000 ordinary shares of the Company within the specified period.

Save as disclosed above, the Directors, are not aware of any other persons who have interests or short positions in the Shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed, no contracts significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as at 31 October 2005 or during the period under review.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Save as disclosed, during the period under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the jurisdiction of Bermuda in which the Company is incorporated.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors as set out in Appendix 10 of Listing Rules. Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the period.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company has been established, with specific terms of reference in compliance with the Code of Corporate Governance Practice (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Committee is responsible for making recommendations to the board on the Group's policy and structure for specific remuneration packages and conditions of employment for the directors.

A Remuneration Committee has been established in accordance with the requirements of the CG Code. The Remuneration Committee comprises all three independent non-executive directors of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company executed high standard of business ethics and corporate governance practices. The board considers such commitment essential in achieving high level of transparency and accountability and it is to the best interests of the shareholders.

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not throughout the period under review, in compliance with the Code on Corporate Governance Practices ("CG Code"), as set out in Appendix 14 to the Listing Rules (except code A4.1 – which specifies term that non-executive directors should be appointed for a specific term, subject to the re-election and code A4.2 – which specifies that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.). However, all directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting in accordance with Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practice are no less exacting than those in the Code.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Code, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprising three independent non-executive directors, Ms. Nie Mei Sheng, Mr. Zhen Kuan and Mr. Wang Shiyong. The audit committee of the Company has reviewed the interim results for the six months ended 31 October 2005.

APPRECIATION

On behalf of the board of directors, I would like to extend our gratitude and sincere appreciation to all management and staff members for their diligence and dedication, and to of our business partners, customers and the Company's shareholders for their continuing support.

By Order of the Board of
Neo-China Group (Holdings) Limited
Li Song Xiao
Chairman

Hong Kong, 26 January 2006

At the date of this report, the board of directors comprises Mr. Li Song Xiao as chairman; Mr. Liu Yi, Ms. Niu Xiao Rong, Ms. Song Xuan, Mr. Zhang Huai An and Mr. Yuan Kun as executive directors; and Ms. Nie Mei Sheng, Mr. Zhen Kuan and Mr. Wang Shiyong as independent non-executive directors.