

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 March 2006, the interests or short positions of the Directors and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:-

| | Number of shares held | | Approximate percentage of shareholding |
|------------------------------|-----------------------|---------------------|--|
| | Personal interests | Corporate interests | |
| Directors | | | |
| Mr. Chung Ming Fai | 12,000,500 | 1,000 (note) | 48.00% |
| Mr. Chung Yin Shu, Frederick | 1,875 | – | 0.01% |
| Chief Executive | | | |
| Mr. Ho Tak Him | 1,000 | – | – |

Note:

Mr. Chung Ming Fai controls more than one-third of the voting power of Fu Hop Investment Company Limited which holds 1,000 shares in the Company.

Substantial Shareholders' Interests in Shares

As at 31 March 2006, the register of interests in shares or short positions kept under section 336 of the SFO showed that, other than the interests of directors as set out above, Chow Tai Fook Enterprises Limited ("CTF") was interested in 5% or more of the issued share capital of the Company. CTF, together with its associated companies, has a beneficial interest in 6,762,750 shares of the Company, representing 27.05% of the Company's issued share capital.

Save for the interests in shares referred to above, no other person is recorded in the register kept pursuant to Section 336 of the SFO as having an interest in 5% or more of the issued share capital of the Company as at 31 March 2006.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the six months ended 31 March 2006. Neither the Company nor its subsidiary company has purchased or sold any of the Company's shares in the same period.

Audit Committee

The Audit Committee has reviewed the unaudited interim financial report in conjunction with the auditors. The auditors conducted their review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the HKICPA. The review consisted of management enquiries and analytical procedures, but excluded audit procedures. On 12 June 2006, the Committee met with the management and the auditors to review the interim report and consider the significant accounting policies.

Code on Corporate Governance Practices

During the financial period, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules except that independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules. Based on specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards of the said code during the six months ended 31 March 2006.

Dato' Dr. Cheng Yu Tung
Chairman

Hong Kong, 21 June 2006

As at the date of this report, the board comprises Dato' Dr. CHENG Yu Tung, Mr. CHUNG Ming Fai, Mr. CHUNG Yin Shu, Frederick who are executive Directors; Mr. CHUNG Wai Shu, Robert who is a non-executive Director; and Mr. Yuen Pak Yiu, Philip, Dr. FONG Yun Wah, SBS, JP, Mr. LO Pak Shiu and Mr. YUEN Sik Ming, Patrick who are independent non-executive Directors.