

## DIRECTORS' INTERESTS

During the six months ended June 30, 2006, none of the Directors and the Chief Executive of the Company had any interests or short positions in the shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which are (a) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (c) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers. During the six months ended June 30, 2006, none of the Directors, Chief Executive, Supervisors or their spouses or children under the age of 18 was given the right to acquire any shares in or debentures of the Company or any of its associated corporations (within the meaning of the SFO).

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2006 so far as is known to the Directors, the persons/companies (not being a Director or chief executive 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:

Name of shareholder	Note	No. of ordinary shares of HK\$0.10 each			Shareholding percentage
		Personal interests	Corporate interests	Total	
Liang Wen Guan	1	125,412,000	723,970,000	849,382,000	28.21%
Gree Group (HK) Limited	1	–	723,970,000	723,970,000	24.05%
Angklong Ltd.	2	–	379,053,963	379,053,963	12.59%
Mr. Chan Boon Ning, John	3	42,584,000	379,053,963	421,637,963	14.01%
Jiuzhou Development Co. Ltd		–	178,094,000	178,094,000	5.92%

*Note 1:* Mr. Liang Wen Guan is deemed to be interested in 723,970,000 shares by virtue of his shareholding in the entire share capital of Madex International, which came into an agreement with Gree Group (HK) Limited ("Gree HK") on 4 January 2006 to purchase from Gree HK the said 723,970,000 shares. To be best knowledge of the Directors, the transfer of the said 723,970,000 shares has not yet been completed at the date of this report. Thus Gree HK remains to be interested in the said 723,970,000 shares.

*Note 2:* As disclosed by Maxwick Investment Ltd. on 19 March 2002, Angklong Ltd. had charged 422,133,000 shares of the Company to Maxwick Investment Ltd., a company which is 99.99% owned by Ms. Leong On Kei, Angela. Thus, Ms. Leong On Kei, Angela is deemed to be interested in the said 422,133,000 shares of the Company, representing 14.02% of the issued share capital of the Company as at 30 June 2006. The shareholding of Angklong Ltd. has subsequently been reduced to 379,053,963 shares.

Note 3: Mr. Chan Boon Ning, John who holds the entire issued share capital of Harrio Assets Ltd., which in turn holds the entire issued share capital of Angklong Ltd., is deemed to be interested in the 379,053,963 Shares, which were held by Angklong Ltd.

All the interests stated above represent long positions. As at 30 June 2006, no short positions were recorded in the register kept by the Company under section 336 of the SFO.

## **CORPORATE GOVERNANCE**

The Directors consider that the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2006, except for certain deviations as follows:

### **Appointments, Re-election and Removal of Directors**

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Independent Non-executive Directors (“INEDs”) of the Company had no fixed term of office during the period, but all of them are subject to the relevant provisions of the Bye-laws (“Bye-laws”) of the Company or any other applicable laws whereby they shall vacate or retire from their office. According to the Bye-laws, at each annual general meeting (“AGM”) of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office, provided that no Director holding office as executive chairman or as a managing director should be subject to retirement by rotation or taken into account in determining the Directors to retire. Furthermore, any Director appointed to fill a casual vacancy or as an addition to the Board should hold office only until the next following AGM and would then be eligible for re-election at the meeting.

Besides, the Company fell short of one Independent Non-executive Director during the period from 8 February to 15 September 2006.

### **MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS**

The Company has adopted the Model Code for the Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.