

SHAREHOLDERS' INFORMATION AND CORPORATE GOVERNANCE

INTERIM DIVIDEND

The Board of the Company did not declare an interim dividend for the six months ended 30 September 2006 (2005: Nil).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

On 30 June 2006, rights issue of one rights share for every existing share together with an issue of two bonus warrants for every five rights shares was made, at an issue price of HK\$0.10 per rights share, resulting in the issue of 768,641,743 shares of HK\$0.10 each for a total cash consideration. As a result, a total of 307,456,696 warrants were issued, entitling the holders thereof to subscribe for new shares at an initial subscription price of HK\$0.10 per share upon exercise of one warrant.

SHARE OPTION SCHEME

A share option scheme was adopted by the shareholders of the Company on 9 September 2002. Pursuant to the Share Option Scheme, the Company may grant options to the Company's directors and other employees of the Group to provide incentives or rewards for their contribution to the success of the Group's operation.

No options were granted, exercised, cancelled or lapsed under the Share Option Scheme during the period under review and there were no outstanding share option as at 30 September 2006.

As at 30 September 2006, the total number of shares available for issue under the Share Option Scheme was 153,728,348 shares which represented 10% of the issued share capital of the Company at the date of this report.

DISCLOSURE OF INTERESTS**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES**

As at 30 September 2006, the interests and short positions of the Directors and chief executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of Directors	Capacity	Number of Issued Shares Held	Number of Warrants Held	Approximate Percentage of Issued Shares as at 30 September 2006
Mr. Cheng Tun Nei (Note 1)	Beneficial owner and family interest	311,296,000	62,259,200	20.25%
Mr. Kwok Hon Lam (Note 2)	Beneficial owner and family interest	162,462,000	30,000,800	10.57%

Notes:

1. Out of 311,296,000 Shares and 62,259,200 Warrants, 305,904,000 Shares and 61,180,800 Warrants are directly beneficially owned by Mr. Cheng Tun Nei and 5,392,000 Shares and 1,078,400 Warrants are held by his spouse Ms. Li Wa Hei.
2. Out of 162,462,000 Shares and 30,000,800 Warrants, 87,462,000 Shares and 30,000,800 Warrants are directly beneficially owned by Mr. Kwok Hon Lam and 75,000,000 Shares are held by Armstrong Inc., a company wholly-owned by his spouse Ms. Cheng Shuk Man.

Save as disclosed above, as at 30 September 2006, none of the Directors or the Company's chief executive, had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporation.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2006, so far as was known to any Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company), as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, had notified the Company of relevant interests in the issued share capital of the Company:

Name of Substantial Shareholders	Capacity	Number of Issued Shares Held	Number of Warrants Held	Approximate Percentage of Issued Shares as at 30 September 2006
Ms. Li Wa Hei (Note 1)	Beneficial owner and family interest	311,296,000	62,259,200	20.25%
Equity Trustee Limited (Note 2)	Trustee	150,000,000	Nil	9.76%
Ms. Cheng Shuk Man (Note 3)	Beneficial owner and family interest	162,462,000	30,000,800	10.57%
Mr. Kwok Hon Ching (Note 4)	Beneficial owner and family interest	83,900,000	Nil	5.46%
Ms. Lee Shu Noo (Note 5)	Family interest	83,900,000	Nil	5.46%
Mr. Kwok Hon Kau Johnny (Note 6)	Beneficial owner and family interest	83,900,000	Nil	5.46%
Ms. Leung Wai Shan Christina (Note 7)	Family interest	83,900,000	Nil	5.46%
Sanfull Securities Limited	Corporate interest	100,488,000	44,600,000	6.54%

Notes:

1. Out of 311,296,000 shares and 62,259,200 Warrants, 5,392,000 shares and 1,078,400 Warrants are directly beneficially owned by Ms. Li Wa Hei and 305,904,000 shares and 61,180,800 Warrants are held by her spouse Mr. Cheng Tun Nei.
2. Equity Trustee Limited is the trustee of the discretionary trusts mentioned in the notes 4 and 6 below.
3. Out of 162,462,000 Shares and 30,000,800 Warrants, 75,000,000 Shares are held by Armstrong Inc, a company wholly-owned by Ms. Cheng Shuk Man, and 87,462,000 Shares and 30,000,800 Warrants are held by her spouse Mr. Kwok Hon Lam.
4. Mr. Kwok Hon Ching is interested in 83,900,000 Shares: out of the 83,900,000 Shares, 8,900,000 Shares are directly beneficially owned by Mr. Kwok Hon Ching; 75,000,000 Shares are held by Saramade Company Limited, which is a discretionary trust established for the benefit of the family members of Mr. Kwok Hon Ching.
5. Ms. Lee Shu Noo is deemed to hold the 83,900,000 Shares by virtue of her being the spouse of Mr. Kwok Hon Ching.
6. Mr. Kwok Hon Kau Johnny is interested in 83,900,000 Shares: out of the 83,900,000 Shares, 8,900,000 Shares are directly beneficially owned by Mr. Kwok Hon Kau Johnny; 75,000,000 Shares are held by Prominent Field Inc., which is a discretionary trust established for the benefit of the family members of Mr. Kwok Hon Kau Johnny.
7. Ms. Leung Wai Shan Christina is deemed to hold the 83,900,000 Shares by virtue of her being the spouse of Mr. Kwok Hon Kau Johnny.

Save as disclosed above, as at 30 September 2006, the Company had not been notified of any other relevant interests or short positions in any shares or underlying shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the foregoing, at no time during the six months ended 30 September 2006 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any of its subsidiaries, and no Directors or chief executive of the Company or their respective spouses or children under 18 years of age had been granted any right to subscribe for equity or debt securities of the Company nor exercised any such right.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2006, except for the following deviation:

- (1) The Non-executive Director and the Independent Non-executive Directors of the Company were not appointed for specific terms. However, Non-executive Director and the Independent Non-executive Directors are subject to re-election, either by rotation in accordance with the provisions of the Bye-laws of the Company or on a voluntary basis, at least once every three years.
- (2) The Company has not established a Nomination Committee. However, according to the Bye-laws of the Company, the Board is empowered to appoint Director(s) at any time so as to fill a casual vacancy or, to add a new member of the Board. Appointment is made on basis of the qualifications, experience and personality of the appointee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made a specific enquiry, all the Directors confirmed that they had complied with the standards set out in the Model Code for the six months ended 30 September 2006.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors namely Mr. Fung Kwan Yin, James (as Chairman), Mr. Chan Sun Kwong and Mr. Chow Nim Sun, Nelson. On 15 December 2006, the Audit Committee met to review the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2006. After review and discussions, the Audit Committee recommended the Board’s approval of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2006. The Group’s Interim Report for the six months ended 30 September 2006 has been reviewed by the Audit Committee.