

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

Persons who have an interest or short position which is discloseable under provisions of Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors of the Company, as at 30 September 2006, the following persons (including Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

| <b>Name of Shareholder</b>      | <b>Total interests in shares and equity derivatives</b> | <b>Nature of interests</b>   | <b>Approximate percentage or attributable percentage of shareholding (%)</b> |
|---------------------------------|---|------------------------------|--|
| Total Success Worldwide Limited | 10,772,700  | Beneficial ( <i>Note 1</i> ) | 19.83  |
| Glado Development Limited       | 6,750,000   | Beneficial ( <i>Note 2</i> ) | 12.43  |
| Grand Legend Limited            | 9,689,000   | Beneficial ( <i>Note 3</i> ) | 17.84  |
| Complete Success Limited        | 8,492,818   | Beneficial ( <i>Note 4</i> ) | 15.64  |

*Notes:*

- These 10,772,700 shares were registered in the name of Total Success Worldwide Limited. The issued share capital of Total Success Worldwide Limited is owned as to approximately 46.46% by Mr. Chan Mo Yan, deceased, as to approximately 46.46% by Mr. Ng Tat Leung, George, the Chairman of the Company, and as to approximately 7.08% by Mr. Wong Teck Ming, an Executive Director. Mr. Ng Tat Leung, George and Mr. Wong Teck Ming are the directors of Total Success Worldwide Limited.
- The issued share capital of Glado Development Limited is owned as to 99% by Tellon Development Limited, which is an indirect wholly owned subsidiary of China Insurance (Holdings) Company, Limited, a state-owned joint stock limited company established in the People's Republic of China.
- The entire issued share capital of Grand Legend Limited is owned by Mr. Lo Chun Yang. Ms. Loh Siu Yin, Lulu is the spouse of Mr. Lo Chun Yang. Accordingly, Mr. Lo Chun Yang and Ms. Loh Siu Yin, Lulu are deemed to be interested in all the shares in which Grand Legend Limited is interested pursuant to the SFO.
- The interests in 8,492,818 shares include 5,681,818 shares to be issued upon the exercise of the 5,681,818 warrants in full. The entire issued share capital of Complete Success Limited is owned by Ms. Li Dan Dan.

Save as disclosed above, as at 30 September 2006, the Directors of the Company were not aware of any other person who had, or was deemed to have, interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

On 10 August 2006, the Company announced that Glado Development Limited has respectively entered into the sale and purchase agreements with Mr. Ng Tat Leung, George, Grand Legend Limited and Complete Success Limited pursuant to which Glado Development Limited agreed to sell the 6,750,000 shares as to 4,887,369 shares to Mr. Ng Tat Leung, George, as to 1,086,081 shares to Grand Legend Limited and as to 776,550 shares to Complete Success Limited for cash consideration in aggregate amount of HK\$9,000,000 (representing approximately HK\$1.333 per share). The sales and purchases of the shares were completed in November 2006. Further details relating to aforesaid sales and purchases of the shares are set out in the Company's announcement dated 10 August 2006.

## CORPORATE GOVERNANCE PRACTICES

### Audit Committee

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions as set out in the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The audit committee comprises three independent non-executive Directors, Mr. Wong Lit Chor, Alexis, Dr. Leung Wai Cheung and Mr. Lo Ka Wai. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group, and to review the Company's annual and interim reports.

The audit committee has also reviewed the Group's unaudited results for the six months ended 30 September 2006.