

SUBSTANTIAL SHAREHOLDERS

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

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Shen Gang	Beneficial owner (Note 1)	70,568,000	16.8%
Mr. Wang Chun Lin	Held by controlled corporation (Note 1)	70,568,000	16.8%
Mr. Luk Cheong	Held by controlled corporation (Note 1)	70,568,000	16.8%
Key Mark Investments Limited ("Key Mark")	Beneficial owner (Note 2)	59,176,000	14.1%
Ms. Kwok Kit Ping	Held by controlled corporation (Note 2)	59,176,000	14.1%
Ms. Yang GuoHua	Personal Interest	49,312,000	11.7%
Ms. Oo XiaoMei	Personal Interest	65,790,000	15.6%

Notes:

1. Mr. Luk Cheong and Mr. Wang Chun Lin beneficially own 6,800,000 and 6,600,000 ordinary shares of US\$1 each in Shen Gang, representing approximately 34% and 33% of the issued share capital of that company, respectively. Shen Gang in turn owns 70,568,000 ordinary shares of the Company.
2. Ms. Kwok Kit Ping beneficially owns the entire issued share capital of Key Mark. Key Mark in turn owns 59,176,000 ordinary shares of the Company.

Save for the interests disclosed above, the Directors were not aware of any other person being interested in 5% or more or short position 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 as at 30 September 2006.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the period under review, neither the Company nor its subsidiary purchased, redeemed or sold any of the Company's shares during the six months period ended 30 September 2006.

AUDIT COMMITTEE

The Audit Committee, comprises of three independent non-executive directors of the Company, namely Mr. Li Man Nang, Mr. Wang Tianye and Ms. Fang Tsz Ying. The Audit Committee meets with the Group's management regularly to review the accounting principles and practices adopted by the Group, the effectiveness of the internal control systems and the interim and annual reports of the Company. The Audit Committee has reviewed the Group's unaudited interim results for the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months period ended 30 September 2006, the Company complied with the code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Model Code in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the Period with the following deviations:

Code Provision A.2.1

Under the code provision A.2.1, the roles and responsibilities between the Chairman and executive director should be separate and should not be performed by the same individual.

Mr. Wang Chun Lin (“Mr. Wang”) is the Chairman of the Company and has also carried out the responsibilities of Executive Director. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board considers that given the nature of the Company is investment holding and all investment decisions are made by the Board. The Directors believe that this board structure can ensure effective flow of information and the business strategies can be fully implemented. The Directors also believe that the Chairman can discharge his responsibilities more efficiently. The Board has full confidence in Mr. Wang, and believes that his appointment to the posts of Chairman and Executive Director of the Company is beneficial to the business prospects of the Company as a whole.

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from the code provision A.4.1. However, all Directors of the Company are subject to retirement by rotation at each annual general meeting under the amended Articles of Association (“AA”) of the Company as approved at Annual General Meeting 2006 of the Company on 8 September 2006. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG code.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the percentage of the Company’s shares which are in the hands of the public is not less than 25% of the Company’s total number of issued shares.

BOARD OF DIRECTORS

The directors of the Company as at the date of this report are Messrs. Wang Chun Lin being the Executive Director, Messrs. Luk Cheong and Wang Annie being the Non-Executive Directors. Messrs. Li Man Nang, Wang Tianye and Fang Tsz Ying being the Independent Non-Executive Directors.

By Order of the Board
Wang Chun Lin
Chairman

Hong Kong, 18 December 2006