

## ADDITIONAL INFORMATION

### Directors' and Chief Executives' Interests in Shares and Share Options

As at 31 October 2006, the interests or short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares and convertible bonds of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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:

#### (1) Issued Share of the Company

Name of Director	Long/short position	Capacity	No. of Shares	Percentage of issued share capital
Li Song Xiao	long	Interest in corporation	3,554,651,390	62.1%

Note: Mr. Li Song Xiao was deemed to be interested in 2,942,021,390 Shares and 600,000,000 Shares in the Company by virtue of his 100% interest in Invest Gain Limited and Sinoeagle Pacific Ltd respectively. For the remaining 12,630,000 Shares, 3,000,000 of which are held pursuant to the options outstanding under the share option scheme of the Company and 9,630,000 Shares are held directly by Mr. Li himself.

#### (2) Options outstanding under the share option scheme of the Company

Name of Director	Capacity	Number of Share options outstanding	Number of underlying shares
Li Song Xiao	Beneficial owner	3,000,000	3,000,000
Liu Yi	Beneficial owner	16,000,000	16,000,000
Niu Xiao Rong	Beneficial owner	16,000,000	16,000,000
Yuan Kun	Beneficial owner	8,000,000	8,000,000

Save as disclosed above, none of the directors or chief executive of the Company had any interest or short position in shares, debentures or underlying shares of the Company and its associated corporations which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or pursuant to section 352 of the SFO, to be recorded in the register referred therein; or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

### Substantial Shareholders' Interests in Shares

As at 31 October 2006, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued shares capital of the Company:

Name of substantial shareholder	Long/short position	Capacity	No. of Shares	Percentage of issued share capital
Invest Gain Limited	Long	Beneficial owner	2,942,021,390	51.4%
Sinoeagle Pacific Limited	Long	Beneficial owner	600,000,000	10.5%
Mr. Li Song Xiao	Long	Interest in corporation (note a)	3,554,651,390	62.1%
Ms. Liu Hui	Long	Spouse (note b)	3,554,651,390	62.1%
Penta Investment Advisers Ltd.	Long	Investment Manager	319,890,000	5.6%
Mr. John Zwaanstra	Long	Interest in corporation (note c)	319,890,000	5.6%

Notes:

- (a) 2,940,021,390 and 600,000,000 of these Shares are held by Invest Gain Limited and Sinoeagle Pacific Limited respectively, which are beneficially wholly owned by Mr. Li Song Xiao. For the remaining 12,630,000 Shares, 3,000,000 of which are held pursuant to the options outstanding under the share option scheme of the Company and 9,630,000 Shares are held directly by Mr. Li Song Xiao himself.
- (b) Ms. Liu Hui is deemed to be interested in 3,554,651,390 ordinary Shares of the Company, being the interests held by her spouse, Mr. Li Song Xiao.
- (c) These Shares are held by Penta Investment Advisers Ltd which is beneficially owned by Mr. John Zwaanstra.

Save as disclosed above, the register required to be kept under Section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as at 31 October 2006.

## Share Option Scheme

Pursuant to a resolution passed by shareholders of the Company on 12 December 2002, the Company adopted a share option scheme (the "Share Option Scheme"), the particulars of the Share Option Scheme are set out in note 32 to the financial statements of the Company's 2006 annual report.

As at 31 October 2006, the Company granted 86 million share options to the Company's directors and employees under the Share Option Scheme. The underlying shares of the outstanding share options were 86 million, representing 1.5% of the issued share capital of the Company at 31 October 2006.

There is no change in any terms of the share option schemes of the Company during the six months ended 31 October 2006. The detailed terms of the share option scheme were disclosed in the Company's 2006 annual report.

The following table discloses the details of and the movements in the Company's share options during the period:

	<b>No. of Options outstanding at 1 May 2006</b>	<b>Increase/ (decrease)</b>	<b>No. of Options outstanding at 31 October 2006</b>
Directors			
– Mr. Li Song Xiao	3,000,000	–	3,000,000
– Mr. Liu Yi	16,000,000	–	16,000,000
– Ms. Niu Xiao Rong	16,000,000	–	16,000,000
– Mr. Yuan Kun	8,000,000	–	8,000,000
– Mr. Zhang Huai An (note)	16,000,000	(16,000,000)	–
– Ms. Song Xuan (note)	16,000,000	(16,000,000)	–
Employees	11,000,000	32,000,000	43,000,000
Total	<u>86,000,000</u>	<u>–</u>	<u>86,000,000</u>

Note: Mr. Zhang Huai An and Ms. Song Xuan resigned as executive directors of the Company on 15 June 2006.

<b>Date of grant/ acceptance</b>	<b>Exercise period</b>	<b>Exercise price per share</b>	<b>Closing price immediate before date of offer</b>	<b>Closing price immediate before date of grant</b>
4 April 2006	4 April 2006 – 3 April 2016	HK\$0.90	HK\$0.88	HK\$1.09

### Purchase, Sale or Redemption of Securities

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### Pre-emptive Rights

No pre-emptive rights exist in the jurisdiction of Bermuda in which the Company is incorporated.

### Code of Corporate Governance

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six-month period ended 31 October 2006, except for the following:

Code A.4.1 specifies that the independent non-executive directors should be appointed for a specific term and every director should be subject to retirement by rotation at least once every three years. Currently, the existing three independent non-executive directors are not appointed for specific terms, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye-laws.

The Company has not established a Nomination Committee. The duties and functions of the Nomination Committee recommended in the Code are performed by the Board collectively with no director being involved in fixing his/her own terms of appointment and no independent non-executive director being involved in assessing his/her own independence.

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standards as set out in the Model Code during the period.

### Audit Committee

The Company's audit committee comprises three independent non-executive directors. Its terms of reference have been modified to incorporate certain provisions with reference to the Appendix 14 of the Listing Rules. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 31 October 2006.

### APPRECIATION

On behalf of the board of directors, I would like to extend our gratitude and sincere appreciation to all management and staff members for their diligence and dedication, and to of our business partners, customers and the Company's shareholders for their continuing support.

By Order of the Board of  
**Neo-China Group (Holdings) Limited**  
**Li Song Xiao**  
*Chairman*

Hong Kong, 16 January 2007