

**DISCLOSURE OF ADDITIONAL INFORMATION****Directors' and chief executive's interests in shares or short positions in shares and underlying shares**

At 31 December 2006 the interests for short positions of the Directors or chief executive of the Company or their respective associates in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO were as follows:

	Personal interests	Family interests	Corporate interests	Total interest	Total interests as % of the issued share capital
Mr. Ng Leung Ho	90,236,000	-	960,000,000	1,050,236,000	22.52 %

*Note*

- The corporate interests attributed to Mr. Ng Leung Ho of 960,000,000 shares are held by Golden Prince Group Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of Golden Prince Group Limited is directly and wholly owned by Mr. Ng Leung Ho.

Save as disclosed above, none of the Directors and chief executive of the Company or their associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of the SFO or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

**Directors' rights to acquire shares or debentures**

Apart from as disclosed in note 11 to the condensed consolidated interim financial statements, at no time during the period was the Company, its subsidiaries or any of its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangement to enable the Directors or their associates (as defined in the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**DISCLOSURE OF ADDITIONAL INFORMATION (CONTINUED)****Model code for securities transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules ("Model Code") in respect of securities dealing by Directors. The Company has made specific enquiry to all Directors in respect of securities dealing by the Directors and is not aware of any non-compliance with the Model Code during the six months ended 31 December 2006.

**Substantial shareholders**

At 31 December 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the Company had been notified of the following substantial shareholder's interests or short positions, being 5% or more of the Company's issued share capital:

<b>Name</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of holding</b>
Mr. Ng Leung Ho	Beneficial owner	1,050,236,000 (Note 1)	22.52 %
Golden Prince Group Limited	Beneficial owner	960,000,000 (Note 2)	20.59 %
Altantic Investment Management Ltd	Investment manager	330,000,000	7.08 %
GE Asset Management Incorporate	Investment manager	233,448,000	5.00 %

**Notes:**

1. The beneficial interests of Mr. Ng Leung Ho in 1,050,236,000 shares comprise corporate interest in 960,000,000 shares, held through Golden Prince Group Limited and personal interest in 90,236,000 shares.
2. The entire issued share capital in Golden Prince Group Limited is beneficially owned by Mr. Ng Leung Ho, whose interests in shares of the Company are disclosed in the section headed "Directors' and chief executive's interests in shares or short position in shares and underlying shares".

Save as disclosed above, at 31 December 2006, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had not been notified of any substantial shareholders' interest and short positions, being 5% or more of the Company's issued share capital.

**DISCLOSURE OF ADDITIONAL INFORMATION (CONTINUED)****Purchase, sale or redemption of the company's listed securities**

There was no purchase, sale or redemption of shares of the Company by the Company or its subsidiaries during the six months ended 31 December 2006.

**Events after the balance sheet date**

Subsequent to 31 December 2006, the following post balance sheet events took place:

- a) On 9 January 2007, Beijing WFC, a subsidiary owned as to 70% by the Company at the time, entered into an agreement ("Chengbu County Agreement") with the Peoples' Government of Chengbu Miao Group Autonomous County of the Hunan Province (the "Chengbu Miao Group Autonomous County Government") whereby the Chengbu Miao Group Autonomous County Government will provide assistance and applicable policy incentives in forest land transfer to Beijing WFC of no less than 600,000 Chinese Mu by area, for the purpose of field plantation and the establishment of a processing base for timber and wood pulp materials; and Beijing WFC will provide the genetically modified tree specie *Broussonetia Papyriferalvent* and technical support for plantation of the tree specie in Hunan province. The proposed cooperation is subject to any legally binding agreement to be entered in due course in relation to the procurement of forest land by Beijing WFC and other contractual arrangements. Further details of the Chengbu County Agreement are set out in the Company's press announcement of 9 January 2007.
- b) On 15 January 2007, Beijing WFC, a subsidiary owned as to 70% by the Company at the time, has entered into an agreement ("Pengshui County Agreement") with Maoyunshan State-run forest of the Pengshui Miao and Tujia Autonomous County of the ChongQing City for acquiring a leasehold interest in forest land in Pengshui County with total land area of 1,734.2 hectares and volume of timber vested with the forest land of 159,081.2 cubic meters at a cash consideration of RMB19,780,000. Pursuant to the Pengshui County Agreement, Beijing WFC is entitled to exercise the rights of the leasehold forest land for a term of 70 years. The completion of the Pengshui County Agreement is subject to the issuance of the forest ownership certificate to Beijing WFC. Further details of the Pengshui County Agreement are set out in the Company's press announcement of 15 January 2007.
- c) Pursuant to the resolution passed by the Company's shareholders on 17 January 2007 to approve an acquisition agreement for the acquisition of an additional 30 per cent equity interest in Beijing WFC, Beijing WFC became a 100 per cent subsidiary of the Company. Further details are set out in the Company's press announcement of 17 January 2007.

**DISCLOSURE OF ADDITIONAL INFORMATION (CONTINUED)****Events after the balance sheet date (Continued)**

- d) Pursuant to the resolution passed by the Company's shareholders on 26 January 2007, Horwath Hong Kong CPA Limited ("Horwath"), has been appointed auditors of the Company to fill the vacancy following the resignation of Johnny Chan & Co. Limited, and to hold office until the conclusion of the Company's next annual general meeting. Further details are set out in the Company's press announcement of 26 January 2007.
- e) On 30 January 2007, the Company raised share issue proceeds, net of related expenses, of approximately HK\$448 million from the issue of 400,000,000 new shares in the Company under a top-up placing and subscription arrangement. The resulting net proceeds has been retained as general working capital of the Group and will be used for further expansion of the forestry business thereby improving its production facilities when suitable investment opportunities arise. Further details are set out in the Company's press announcement of 17 January 2007.
- f) On 2 February 2007, Beijing WFC has entered into a letter of intent ("Letter of Intent") with the Peoples' Government of the PingLu County (the "PingLu Government") whereby the PingLu Government will provide favourable assistance to Beijing WFC in procurement on a leased basis of forest land of no less than 500,000 Chinese Mu by area for the purpose of field plantation; and Beijing WFC will provide the genetically modified tree specie *Broussonetia Papyriferalvent* and technical support for plantation of the tree specie in PingLu County. The proposed cooperation is subject to any legally binding agreement to be entered in due course in relation to the procurement of forest land by Beijing WFC and other contractual arrangements. Further details of the Letter of Intent are set out in the Company's press announcement of 2 February 2007.
- g) On 13 February 2007, Beijing WFC has entered into an agreement ("Hezhou Agreement") with 賀州市盛東林業開發有限責任公司 for acquiring 10 leasehold forest land in He Zhou City, Guangxi Province with total land area of 100,325 Chinese Mu and volume of timber vested with the forest land of 816,244 cubic meters at a cash consideration of RMB70,227,500. Pursuant to the Hezhou Agreement, the Purchaser is entitled to exercise the rights of the various leasehold forest land for terms up to 49 years. The completion of the Hezhou Agreement is subject to the issuance of the forest ownership certificate to Beijing WFC. Further details of the Hezhou Agreement are set out in the Company's press announcement of 13 February 2007.

## DISCLOSURE OF ADDITIONAL INFORMATION (CONTINUED)

### Events after the balance sheet date (Continued)

- h) On 7 March 2007, Beijing WFC has entered into an agreement (“Chengbu County Agreement”) with湖南省城步苗族自治縣金紫山國有林場 for acquiring a leasehold forest land in Chengbu County Hunan Province with total land area of 196,000 Chinese Mu at a cash consideration of RMB71,800,000. Pursuant to the Chengbu County Agreement, the Purchaser is entitled to exercise the rights of the leasehold forest land for a terms of 30 years. The completion of the Chengbu County Agreement is subject to the issuance of the forest ownership certificate to Beijing WFC. Further details of the Chengbu County Agreement are set out in the Company’s press announcement of 7 March 2007.

### Corporate governance

In the opinion of the Directors, the Company complied with the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (“CG Code”) throughout the six months ended 31 December 2006.

### Audit and remuneration committee

The Company has established an audit committee for the purposes of reviewing and providing supervision over the Company’s financial reporting process and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The audit committee of the Company presently comprises the three independent non-executive Directors, namely, Mr. Lo Cheung Kin, Mr. Zou Zi Ping and Mr. Zhu Jian Hong.

The audit committee has reviewed the unaudited condensed consolidated financial statements and the interim report for the six months ended 31 December 2006, and was content that the accounting policies of the Group are in accordance with the current best practice in Hong Kong.

Pursuant to the recommendation of the CG Code, the company established a remuneration committee on 15 April 2005 with specific written terms of reference in accordance with the CG Code. The remuneration committee also comprises the three independent non-executive Directors. The principal responsibilities of the remuneration committee include making recommendations to the Board on the Company’s policy and structure of remuneration of Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing such policy, and reviewing the specific remuneration packages of all executive Directors and senior management of the Company by reference to corporate goals and objective resolved by the Board from time to time.

**DISCLOSURE OF ADDITIONAL INFORMATION (CONTINUED)**

**Sufficiency of public float**

Based on the information that is publicly available and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25 per cent of the Company's issued shares at the latest practicable date prior to the issue of this interim report.

On behalf of the Board  
**Ng Leung Ho**  
*Chairman*

23 March 2007