

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES**

As at 31 December 2005, the interests and short positions of the directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies (the “Model Code”) were as follows:

Ordinary shares of HK\$0.50 each of the Company (long position):

<b>Name of director</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Chen Te Kuang Mike	Beneficial owner	5,000,000	0.95%
	Held by a controlled corporation ( <i>Note</i> )	<u>21,035,000</u>	<u>3.98%</u>
		26,035,000	4.93%
Oung Shih Hua, James	Beneficial owner	5,000,000	0.95%

*Note:* These shares are held by Goldenfield Equities Limited, a company in which Mr. Chen Te Kuang Mike has beneficial interest.

## PALADIN LIMITED

---

Save as disclosed above, as at 31 December 2005, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2005, the persons (other than the directors of the Company) who had interests and short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

#### Long position

<b>Name of director</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Five Star Investments Limited	Beneficial owner	267,815,017	50.70

Other than as disclosed above, as at 31 December 2005 the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

## **PURCHASE, SALE AND REDEMPTION OF SHARES**

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

## **AUDIT COMMITTEE**

The interim financial report of the Group for the six months ended 31 December 2005 has not been audited by the Group's auditors, but has been reviewed by the audit committee.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the period, the Company had complied with the relevant provisions set out in the Code of Corporate Governance Practices (the "CGP Code") based on the principles set out in Appendix 14 to the Listing Rules, save for the following:

- the non-executive directors were not appointed for a specific term. However, one-third of the directors for the time being shall be subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company. As such, the Company considers that such provision is sufficient to meet the underlying objectives of the relevant provisions of the CGP Code.

## **MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions.

Having made specific enquiry of all directors of the Company, they have complied with the required standard set out in the Model code for the period.

By order of the Board

**Law Fong**

*CHAIRMEN*

Hong Kong, 27 March 2006