

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2006, the Group employed approximately 20 full time staff in the PRC and Hong Kong. The Group remunerated its employees based on their performance, qualifications, work experience and prevailing market prices. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2006, the interests and short positions of the directors in the 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 were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be 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 (the "Model Code") for Securities Transactions by Directors of Listed Issuers, were as follows:—

(i) Interests and short positions in shares of the Company

	Number of ordinary shares (Note 1)	Approximate percentage of total issued shares
Executive Directors:		
Leung Ngai Man	300,000,000 (L) 80,000,000 (S) (Note 2)	24.39 6.50
Wong Wa Tak	1,600,000 (L) (Note 3)	0.13

Notes:

1. The letters "L" and "S" represent the entity's long and short positions in the shares of the Company, respectively.
2. These shares were held and beneficially owned by Climax Park Limited, a company incorporated in the British Virgin Islands and wholly owned by Leung Ngai Man. Climax Park Limited also has a short position for 80,000,000 shares. Under the SFO, Leung Ngai Man was deemed to be interested in these 300,000,000 shares and deemed to have a short position of 80,000,000 shares.
3. These 1,600,000 shares were held and beneficially owned by Master Hill Development Ltd., a company incorporated in Hong Kong with 50% of its shareholdings held and beneficially owned by Wong Wa Tak.

(ii) Interest in options to subscribe for shares in the Company outstanding under the share option scheme of the Company adopted on 25 April 2002

Save as disclosed under the heading “Share option scheme” below and other than certain nominee shares in subsidiaries held by certain directors in trust for the Group, as at 30 September 2006, none of the directors nor chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were 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 pursuant to the Model Code.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

Save as disclosed under the heading “Directors’ interests and short positions in shares” above, and “Share option scheme” below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 30 September 2006, no person other than directors whose interests are set out in the section headed “Directors’ interests and short position in shares” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO.

Name of Shareholder	Number of ordinary share/ underlying share (Note 1)	Capacity and nature of interest	Approximate percentage of interests (Note 2)
Climax Park Limited	300,000,000 (L) 80,000,000 (S)	Beneficial owner (Notes 3 and 4)	24.39
Chance Partner Investments Limited	300,000,000 (L)	Person having a security interest in shares	24.39
CMEC International Trading Import & Export Co., Ltd.	80,000,000 (L)	Beneficial owner (Note 3)	6.50