

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance which it believes is crucial to the development of the Group and to safeguard the interests of the shareholders of the Company.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2006.

Audit Committee

The Company has established an Audit Committee with specific written terms of reference which deal clearly with its authority and duties. As laid down in the terms of reference, the Audit Committee is responsible for reviewing the financial controls, internal control and risk management systems, annual report and accounts, and half-year report. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Liu Hing Hung, Mr. Lee Chack Fan and Mr. Zhu Wenhui. Mr. Liu Hing Hung is the chairman of the Audit Committee.

The unaudited consolidated interim results of the Group for the six months ended 30 June 2006 have been reviewed by the Audit Committee and Messrs. Deloitte Touche Tohmatsu, the auditors of the Company.

Remuneration Committee

The Company has established a Remuneration Committee with specific written terms of reference which deal clearly with its authority and duties. The Remuneration Committee determines the Group's remuneration policy and reviews, in particular, the remuneration packages of the Directors and the senior management. It also makes recommendations to the Board on the annual salary adjustment and provision of the performance bonus. A majority of the members of the Remuneration Committee are independent non-executive Directors. This Committee is chaired by Ms. Hui Mei Mei, Carol. The other members are Mr. Lee Chack Fan and Mr. Liu Hing Hung.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2006.

DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in the share capital of the Company and the associated corporation

At 30 June 2006, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules were as follows:

(i) *Long positions in the shares of the Company*

Name of director	Number of ordinary shares held		Total
	Corporate interests	Other interests	
Mr. Hui Wing Mau	185,185,185 (Note 1)	618,571,397 (Note 2)	803,756,582
Ms. Hui Mei Mei, Carol	-	618,571,397 (Note 2)	618,571,397

Notes:

- (1) These 185,185,185 shares are the potential shares which are issuable to Dynamic Keen Developments Limited assuming full conversion of the convertible note. Since the entire issued share capital of Dynamic Keen Developments Limited is wholly-owned by Mr. Hui Wing Mau, Mr. Hui Wing Mau is taken to be interested in these 185,185,185 shares under the SFO.
- (2) The interests disclosed represent the interests in the Company which is held by Perfect Zone International Limited, a company which is directly wholly-owned by Overseas Investment Group International Limited as trustee of a unit trust, all the units of which are held by Trident Trust Company (B.V.I.) Limited (formerly known as Trident Corporate Services (B.V.I.) Limited) as trustee of The W M Hui Family Trust, a discretionary trust set up by Mr. Hui Wing Mau for the benefit of his wife and children. Ms. Hui Mei Mei, Carol is the daughter of Mr. Hui Wing Mau and accordingly, Mr. Hui Wing Mau and Ms. Hui Mei Mei, Carol are deemed to be interested in the interests by virtue of section 345(4) of the SFO.

- (ii) *Long positions in the shares of associated corporation
— Shimao Property Holdings Limited*

Name of director	Number of ordinary shares held
Mr. Hui Wing Mau	2,000,000,000 (<i>Note</i>)

Note:

These 2,000,000,000 shares represent the interests in Shimao Property Holdings Limited held by Gemfair Investments Limited, a company directly wholly-owned by Mr. Hui Wing Mau.

Save as disclosed above, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

Substantial shareholders

At 30 June 2006, the following persons (other than the Directors or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were:

Long positions in the shares of the Company

Name	Number of ordinary shares held	Approximate percentage of issued share capital
Dynamic Keen Developments Limited	185,185,185 (<i>Note 1</i>)	22.38%
Perfect Zone International Limited	618,571,397 (<i>Note 2</i>)	74.74%
Overseas Investment Group International Limited	618,571,397 (<i>Note 2</i>)	74.74%
Trident Trust Company (B.V.I.) Limited	618,571,397 (<i>Note 2</i>)	74.74%

Notes:

- (1) These 185,185,185 shares are the potential shares which are issuable to Dynamic Keen Developments Limited assuming full conversion of the convertible note. Since the entire issued share capital of Dynamic Keen Developments Limited is wholly-owned by Mr. Hui Wing Mau, Mr. Hui Wing Mau is taken to be interested in these 185,185,185 shares under the SFO.
- (2) The interests disclosed represent the interests in the Company held by Perfect Zone International Limited, a company which is directly wholly-owned by Overseas Investment Group International Limited as trustee of a unit trust, all the units of which are held by Trident Trust Company (B.V.I.) Limited as trustee of The W M Hui Family Trust, a discretionary trust set up by Mr. Hui Wing Mau for the benefit of his wife and children.

Save as disclosed above, no other person (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme ("Share Option Scheme") on 13 June 2005 for the purpose of enabling the Company to grant options to directors and employees of the Group as incentive or rewards for their contribution and to provide the Group with a more flexible means to reward, remunerate, compensate and provide benefits to such directors or employees. As at 30 June 2006, no option was granted by the Company under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2006, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders and business partners for their support, and also to our employees for their dedication.

On behalf of the Board
Hui Wing Mau
Chairman

Hong Kong, 18 September 2006