

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading of "Directors' interest and short position in shares, underlying shares and debentures of the Company" above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors and chief executives of the Company to acquire benefits by means of the acquisition of shares, underlying shares or debentures in the Company or its associated corporations.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

At 30th September 2005, to the best knowledge of the directors, shareholders (other than Directors or Chief Executive of the Company) who had interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of directors	Capacity	Share of the Company of HK\$0.01 each		
		Number of issued ordinary shares held	Long/Short position in shares	Percentage of the issued share capital of the Company
Nerine Trust Company Limited	Held by controlled corporation	15,333,334	Long position	4.79%
		80,666,666 <i>(Note i)</i>	Short position	25.21%
Huge Gain Development Limited	Beneficial owner	15,333,334	Long position	4.79%
		80,666,666 <i>(Note i)</i>	Short position	25.21%
Ever-Long Capital Limited	Held by corporation	80,666,666 <i>(Note ii)</i>	Short position	25.21%
Speeddragon Limited	Held by corporation	50,000,000	Long position	15.63%
Star Victory Holdings Limited	Held by corporation	24,000,000	Long position	7.50%
Wonderful World Holdings Limited	Held by corporation	16,368,000	Long position	5.12%

Notes:

- (i) These shares are registered in the name of Huge Gain Development Limited (“Huge Gain”). The entire issued share capital of Huge Gain is owned by Nerine Trust Company Limited (“Nerine Trust”). Nerine Trust is the trustee of SB Unite Trust and holds properties for the benefit of holders of units issued by SB Unit Trust. All the units issued by SB Unit Trust were held by the family members of Mr. Siu Ban, co-founder of the Group and the discretionary objects of which include Mrs. Tsai Lai Wa, Jenny and Mr. Edmund Siu, being the executive directors of the Group.
- (ii) The short position of 80,666,666 shares are registered under the name of Huge Gai which has been pledged to Ever-Long Capital Limited.

Save as disclosed above, as at 30th September 2005, the Company has not been notified by any persons (other than Directors or Chief Executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

AUDIT COMMITTEE

The audit committee is composed of all the three non-executive directors of the Company of which three of them are independent. The audit committee has reviewed with management the accounting policies adopted by the Group and discussed auditing, internal control, and financial reporting matters, including the review of the interim financial statements for the six months ended 30th September 2005, which have not been audited.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Board, the Company has complied with the Code Provisions in Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) throughout the six months ended 30th September 2005 except for the deviations as mentioned below:

Code Provision A.1.3 stipulates that 14 days’ notice should be given for each board meeting. The Company agrees that sufficient time should be given to the board members in order to make proper decision. In these respects, the Company deviates to adopts a more feasible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.