

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.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mrs. Tsai Lai Wa, Jenny currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operating of the Board which comprises experienced and high caliber individuals with a sufficient number thereof being Non-executive Directors.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company have not been appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company.

Code Provision B.1.1 stipulates that the Company should establish a remuneration committee with terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors. The Company has not set up a remuneration committee during the period under review as the function of reviewing remuneration of executive directors and senior management have already been included in the term of reference of the audit committee. Code provision 3.3 stipulates the terms of reference of the audit committee. The existing terms of reference of our audit committee do not fully cover those set out in code provision 3.3. The Company will adopt terms of reference as set out in code provision 3.3 and will set up a remuneration committee according to B.1.1 in the near future in order to formalize the remuneration reviewing function.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30th September 2005.