

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Listing Rules effective on 1 January 2005 as its own code of corporate governance practices.

During the six months ended 30 June 2006, the Company was in compliance with the CG Code except the following:

Deviation from the CG Code	Relevant CG Code provisions	Remedial steps have been taken to comply with the CG Code
1. The Company has not appointed chairman and chief executive officer and the roles and functions of the chairman and the chief executive officer have been performed by all executive Directors collectively.	A.2.1	The Board considers this given nature of the Company is investment holding and all investment decisions are made by the Board, the present structure is appropriate for the Company and has the advantages of allowing contributions from all executive Directors with different expertise.
2. According to the then Articles of Association of the Company (the “Articles”), at each annual general meeting one-third of the directors for the time being (or, if their number is not 3 or a multiple of 3, the number nearest to but not greater than one-third) shall retire from office by rotation provided that the chairman of the Board and/or the managing director of the Company shall not be subject to retirement by rotation.	A.4.2	A special resolution was passed at the annual general meeting of the Company held on 24 May 2006 whereby the Articles was amended so that all Directors appointed to fill a casual vacancy should be subject to election by the shareholders of the Company at the first general meeting after their appointment and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

AUDIT COMMITTEE

The Company has the Audit Committee which was established in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Interim Financial Statements has been reviewed by the Audit Committee which comprises three independent non-executive Directors of the Company, Messrs. Yue Man Yiu, Matthew (as Chairman), Chung Koon Yan and Zheng Weihe.

The Board of Directors of
Golden 21 Investment Holdings Limited

Hong Kong, 25 September 2006