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## HISTORY AND DEVELOPMENT

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### HISTORY AND DEVELOPMENT

Mr. CF Tao, founder of the Group and one of the Controlling Shareholders, has extensive experience in the PRC property market. Such experience can be traced back to the early 1980s when Mr. CF Tao played a significant role in the development of Nanjing Jinling Hotel (南京金陵飯店) in Nanjing, Jiangsu Province, the PRC.

Mr. CF Tao's role in the development of Nanjing Jinling Hotel (南京金陵飯店) included assistance in arranging financing facilities, appointing architects and various professionals for the construction of the hotel, obtaining technical assistance from overseas construction firms and arranging quality training for senior staff of the hotel. Nanjing Jinling Hotel (南京金陵飯店) was one of the earliest 5 star hotels built in the PRC following the opening up of the PRC to the outside world in 1978.

In 1984, Mr. CF Tao was encouraged by 北京市旅遊局 (Beijing Municipal Bureau of Tourism) to develop a hotel complex in Beijing. Based on an analysis of the then prevailing market conditions and outlook on Beijing's overall future development, a complex comprising a business class hotel, office towers, service apartments and a retail podium was to be built. The Directors believe that such a multi-purpose commercial complex combining business, accommodation and retail together is a precursor to multi-purpose commercial complex in Beijing.

In 1990, this multi-purpose commercial complex with a GFA of approximately 130,144 sq.m., comprising a business class hotel, office towers, service apartments, and a commercial podium designed by an internationally reputable architectural firm, namely P&T International Inc. (巴馬丹拿國際公司) was completed and officially opened. Named as the Beijing Landmark Towers, the complex is wholly owned and directly operated by BLTCL.

The business development of the Group's major operating subsidiaries are as follows:

#### **(I) Property development and investment in Suzhou**

In 1990, the Suzhou municipal government commenced to develop the western part of Suzhou, known as the New District. On 19 September 1991, Mr. CF Tao commenced property development and property investment business of the Group in Suzhou by establishing the principal operating subsidiary of the Group, namely SGVDM. SGVDM is a Sino-foreign co-operative joint venture company owned as to 95% by NH Development, an investment holding company in which each of Mr. CF Tao and Mrs. Nancy Tao held 50% of its issued share capital before the Reorganisation, and as to 5% by SNDDC, which is a State-owned enterprise established in Suzhou. SGVDM has an approved operating period of 70 years commencing from its date of establishment. At the time of establishment, the registered capital of SGVDM was US\$8 million and was fully paid up. Pursuant to the articles of association of SGVDM, its profit is distributed in accordance with the registered capital contribution proportion made by each of NH Development and SNDDC.

The Group was one of the first foreign developers to develop residential apartments and villas within the New District. By late 1991, the Group had commenced the property development project of Suzhou Garden Villa through SGVDM. From 1992 to 1998, a total of three phases of Suzhou Garden Villa which comprise a total GFA of over 80,000 sq.m. had been developed. The Directors consider that the location where Suzhou Garden Villa is situated has become one of the popular banking and commercial regions in the New District and is regarded as one of the well-established residential areas in the New District of Suzhou.

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In 2002, SGVDM commenced the construction of Suzhou Garden Court. Suzhou Garden Court comprises a total GFA of over 59,000 sq.m. and the project was completed in 2004.

On 20 June 2003, SGVDM signed a merger agreement with 蘇州新新餐飲康樂有限公司 (Suzhou Sing Sing Catering & Entertainment Co., Ltd.) (“Sing Sing Catering”) in relation to the merger of the two companies. Sing Sing Catering was principally engaged in the provision of food and beverage services as well as entertainment and was also owned as to 95% by NH Development and as to 5% by SNDDC. The merger was approved by the relevant PRC authority on 22 December 2003. Upon completion of the merger, the registered capital of SGVDM was increased from US\$ 8,000,000 to US\$ 12,150,000 which was fully paid up and was held as to 95% by NH Development and 5% by SNDDC. Other than this merger, there has been no change in the shareholding structure of SGVDM since its establishment.

In March 2005 and May 2005, SGVDM commenced the construction of Suzhou Garden Towers and Suzhou Garden Place respectively. It is expected that Suzhou Garden Towers and Suzhou Garden Place will comprise a total GFA of over 40,000 sq.m. and 7,000 sq.m. respectively. The two projects will be completed in late 2006 and December 2005 respectively.

The Group and Suzhou Land Resources Bureau (蘇州市國土資源局) entered into an Assignment of the Right to Use State Land Contract (國有土地使用權出讓合同) dated 10 October 2005, pursuant to which Suzhou Land Resources Bureau (蘇州市國土資源局) has agreed to assign to the Group the land use right of a piece of land in Suzhou, with site area of approximately 41,579 sq. m. subject to and on the terms and conditions of the Assignment of the Right to Use State Land Contract. The tentative commencement date of construction is targeted to be May 2006 and the project is expected to be completed in second half of 2007. The Group has a 100% interest in the project.

In March 2005 and April 2005, SGVDM had also entered into two letters of intent with two PRC Independent Third Parties in respect of two property development projects in Suzhou with site areas of approximately 17,100 sq.m. and 10,000 sq.m. respectively. Details of the two letters of intent are set out in the sub-section headed “Description of the Group’s property projects” under the section headed “Business” to this prospectus.

### **(II) Investment in Beijing Landmark Towers**

In view of China’s accession to WTO in 2001 and the 2008 Summer Olympic Games to be held in Beijing, which might stimulate the property market in Beijing, the Group has decided to expand to property investment business and property development business in Beijing. In view of Mr. CF Tao’s association with BLTCL, the Group commenced its business in Beijing by acquiring and making NH Investments a member of the Group on 13 July 2005. NH Investments currently holds 30.05% interest in BLTCL.

BLTCL is a Sino-foreign equity joint venture enterprise established in Beijing, the PRC under the name of “北京市亮馬河旅遊中心有限公司” (Beijing Liangmahe Tourist Centre Limited) on 31 January 1986. The principal business of BLTCL is to operate the Beijing Landmark Towers. At the time of establishment, the registered capital of BLTCL was US\$16,500,000 which had been fully paid up and was held as to 30%, 20%, 25% and 25% by 中國北京市旅遊公司 (Beijing Travel and Tourism Corporation) (“BTTC”), 北京國際信托投資公司 (Beijing International Trust and Investment Corporation) (“BITIC”), 香港新土地置業管理有限公司 (SL Realty Management Services (HK) Ltd.) (“SLRMSL”) and NH Investments respectively. BTTC, BITIC and SLRMSL are Independent Third Parties.

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On 14 November 1987, the then holders of equity interest of BLTCL signed an agreement for the transfer of the 25% equity interest in BLTCL held by SLRMSL to RMSL. On 24 March 1988, the then holders of equity interest of BLTCL signed an agreement for the transfer of the 20% equity interest in BLTCL held by BITIC to BTTC.

On 7 December 1990, the relevant authorities approved (a) the increase of the registered capital of BLTCL from US\$16,500,000 to US\$19,500,000 which was held as to 50%, 25% and 25% by BTTC, RMSL and NH Investments respectively and such increased registered capital had been fully paid up; (b) the change of the name of the company from “北京市亮馬河旅遊中心有限公司” to “北京亮馬河大廈有限公司” and (c) the extension of the operative term of BLTCL from 13 to 20 years.

On 6 December 1991, the relevant authority approved further extension of the operative term from 20 to 30 years.

On 4 May 1995, NH Investments (which then acted as a trustee for Miripa Investments (Liberia) Inc. (“Miripa”), a company entirely owned by Mr. CF Tao) acquired 5.05% equity interest in BLTCL from RMSL at a consideration of US\$650,000. Although such 5.05% equity interest was held by NH Investments in trust for Miripa, a total of 30.05% of the registered capital of BLTCL (including the 5.05% equity interest) was registered in the name of NH Investments.

On 12 July 1995, the relevant authority approved further increase of the registered capital of BLTCL from US\$19,500,000 to US\$25,500,000 which was held as to 50%, 19.95% and 30.05% by BTTC, RMSL and NH Investments respectively and such increased registered capital had been fully paid up.

On 29 December 1998, the relevant authority approved the transfer of the 50% equity interest held by BTTC to BTG.

On 23 June 1999, the relevant authority approved further increase of the registered capital of BLTCL from US\$25,500,000 to US\$28,000,000 which was held as to 50%, 19.95% and 30.05% by BTG, RMSL and NH Investments respectively and such increased registered capital had been fully paid up.

On 31 December 2000, Miripa transferred the beneficial interest of the 5.05% equity interest (held by NH Investments in trust for Miripa) to NH Investments for a consideration of HK\$12,154,666.50.

On 13 July 2005, the Group completed the acquisition of NH Investments. The total consideration for the acquisition was HK\$62,600,000, which was determined by reference to the paid-up capital and shareholders' loans of NH Investments in the amounts of approximately HK\$10,000,000 and HK\$52,600,000 respectively as at 31 December 2004.

After the Group's acquisition of the entire issued share capital of NH Investments, which holds 30.05% equity interest in BLTCL, BLTCL began to contribute to the Group's results, which include rental and operation income generated from office towers, service apartments, a business class hotel and a retail podium of Beijing Landmark Towers. Mr. CF Tao, the chairman of the Group and a founder of BLTCL, has been supervising the planning and overall management of BLTCL and Beijing Landmark Towers since its establishment. Mr. CF Tao is currently the vice chairman of BLTCL's board of directors. The Directors believe that Mr. CF Tao will continue to exercise his influence on the overall business direction of BLTCL in future.

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### **(III) Intended property development in places other than Suzhou**

In addition to its existing property investment business in Beijing, the Group plans to develop properties in Beijing in the near future. Such activities will be conducted by the Group directly through its subsidiaries. Further, the Group will also explore opportunities to develop other properties in Jiangsu Province. In this regard, several entities, namely NH Group, NH Land, NH Properties and SNHPDC, were set up or have been acquired by the Group.

NH Group is a limited company incorporated in BVI on 8 July 2004 and is an investment holding company. At the time of establishment, NH Group was held as to 100% by CLCL. On 17 January 2005, CLCL transferred its 100% equity interest in NH Group to Mr. Richard Tao for cash at par. NH Group is the holding company of NH Land and NH Properties.

NH Land is a limited company incorporated in Hong Kong on 24 November 2004 and is an investment holding company. At the time of establishment, NH Land was held as to 100% by the subscriber. On 6 December 2004, the subscriber transferred its 100% equity interest in NH Land to NH Group for cash at par. The Group intends to carry out property development business in Beijing through NH Land. Accordingly, NH Land set up a representative office in Beijing on 20 January 2005.

NH Properties is a limited company incorporated in Hong Kong on 22 February 2005 and is an investment holding company. At the time of establishment and as at the Latest Practicable Date, NH Properties was wholly owned by NH Group.

In future, the Group's main areas of focus will be Beijing and Jiangsu Province, in particular, Suzhou.

### **REORGANISATION AND CORPORATE STRUCTURE**

The companies comprising the Group underwent the Reorganisation to rationalise the Group's structure in preparation for the listing of the Shares on the Stock Exchange. As a result of the Reorganisation, the Company became the holding company of the other members of the Group. For details of the Reorganisation, please refer to the paragraph headed "Corporate reorganisation" under the section headed "Further Information about the Company" in Appendix VII to this prospectus. The Reorganisation involved the following:

#### ***Part 1: Incorporation of the Company and the intermediate holding company of the Group as well as reorganisation of NH Development***

The reorganisation involved the following:

- (a) On 23 December 2004, the Company, an exempted company with limited liability with an authorised share capital of HK\$300,000,000 divided into 30,000,000,000 Shares of HK\$0.01 each, was incorporated in the Cayman Islands and 1 Share in the capital of the Company was allotted and issued to the initial subscriber at par in cash on the same day. Subsequently the said 1 Share in the capital of the Company was transferred by the initial subscriber to Belbroughton on the same day at par for cash.

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- (b) On 11 February 2005, NH Corporation, a company with limited liability with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, was incorporated in BVI and 1 share of US\$1.00 in the capital of NH Corporation was allotted and issued to each of Mr. CF Tao and Mrs. Nancy Tao for cash at par on 16 March 2005.
- (c) On 23 June 2005, a sale and purchase agreement was entered into between Mr. CF Tao and Mrs. Nancy Tao as vendors and NH Corporation as purchaser, pursuant to which a total of 156 shares representing the entire issued share capital of NH Development were transferred from Mr. CF Tao and Mrs. Nancy Tao to NH Corporation at a total consideration of US\$2.00, which was satisfied by the allotment and issue of 1 share of US\$1.00 in the capital of NH Corporation to each of Mr. CF Tao and Mrs. Nancy Tao, credited as fully paid, on the same day.
- (d) On 23 June 2005, a sale and purchase agreement was entered into between Mr. CF Tao and Mrs. Nancy Tao as vendors and the Company as purchaser, pursuant to which a total of 4 shares in the capital of NH Corporation were transferred from Mr. CF Tao and Mrs. Nancy Tao to the Company at a total consideration of HK\$0.04, which was satisfied by the allotment and issue of 4 Shares, as directed by Mr. CF Tao and Mrs. Nancy Tao, to Belbroughton, credited as fully paid, on the same day.

### ***Part 2: Corporate reorganisation subsequent to the reorganisation of NH Development***

*Assignment of outstanding loans and moneys due by NH Development and share swap between NH Corporation and the Company*

- (e) On 24 June 2005, a deed of assignment was entered into by Mr. CF Tao, Mrs. Nancy Tao, Mr. SP Tao, LCI, Peanma, OSE, Stockwatch, Hallam, NH Development, NH Corporation and Choice Win, pursuant to which the shares of US\$1.00 each in the capital of NH Corporation as set out in column 4 in the following table were allotted and issued to Mr. CF Tao, Mrs. Nancy Tao, Mr. SP Tao, LCI, Peanma, OSE, Stockwatch, Hallam and Choice Win or to the party(ies) as directed by them, credited as fully paid, in consideration of

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the assignment to NH Corporation of the respective rights and interests in those outstanding moneys and/or loans due from NH Development as set out in column 2 and/or column 3 in the following table (as the case may be):

Assignors	Outstanding moneys due from NH Development	Outstanding loans due from NH Development	Consideration shares issued by NH Corporation
Mr. SP Tao	US\$200,000	US\$1,265,100	31 shares (of which 29 shares were issued to Mr. SP Tao and 2 shares were issued to Oceanport Holdings on the direction of Mr. SP Tao)
Mr. CF Tao	US\$199,990	Nil	4 shares (which were issued to Belbroughton on the direction of Mr. CF Tao)
Mrs. Nancy Tao	US\$119,990	Nil	3 shares (which were issued to Belbroughton on the direction of Mrs. Nancy Tao)
LCI	US\$170,000	US\$1,792,225	41 shares (of which 22 shares were issued to LCI, 4 shares were issued to OPII, 4 shares were issued to Stockwatch, 4 shares were issued to Hallam and 7 shares were issued to Mr. SY Hsu respectively on the direction of LCI)
Peanma	US\$180,000	US\$1,897,650	43 shares (which were issued to Thinksmart on the direction of Peanma)
OSE	Nil	US\$843,400	17 shares (which were issued to Oceanport Holdings on the direction of OSE)
Stockwatch	Nil	US\$1,054,250	24 shares
Hallam	US\$30,000	US\$316,275	7 shares
Choice Win	Nil	US\$3,373,600	70 shares (which were issued to Belbroughton on the direction of Choice Win)

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- (f) On 24 June 2005, a sale and purchase agreement was entered into between Belbroughton, Mr. SP Tao, LCI, OPII, Stockwatch, Hallam, Mr. SY Hsu, Thinksmart and Oceanport Holdings as vendors and the Company as purchaser, pursuant to which such number of the shares of US\$1.00 each in the capital of NH Corporation as set out in column 2 of the following table were allotted and issued to the Company at a total consideration of HK\$24,100.10, which was satisfied by the allotment and issue of such number of the Shares as set out in column 3 of the following table to the aforesaid vendors:

<b>Vendors</b>	<b>Number of shares in the capital of NH Corporation sold to the Company</b>	<b>Number of Shares issued by the Company as consideration</b>
Belbroughton	77	771,200
Mr. SP Tao	29	289,202
LCI	22	221,239 (issued to Belbroughton on the direction of LCI)
OPII	4	40,970
Stockwatch	28	281,972
Hallam	11	113,271 (issued to Bestvision on the direction of Hallam)
Mr. SY Hsu	7	65,552
Thinksmart	43	433,803 (issued to Belbroughton on the direction of Thinksmart)
Oceanport Holdings	19	48,200 (issued to Belbroughton on the direction of Oceanport Holdings)
		144,601 (issued to Mr. SP Tao on the direction of Oceanport Holdings)



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### *Acquisition of NH Management and NHIP*

- (g) On 27 October 2004, NH Management, a company with limited liability with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, was incorporated in Hong Kong and 1 share of HK\$1.00 in the capital of NH Management was allotted and issued to the initial subscriber for cash at par on the same day. On 5 November 2004, the said 1 share of HK\$1.00 in the capital of NH Management was transferred by the initial subscriber to NH Group at par in cash.
- (h) On 21 January 2005, NHIP, a company with limited liability with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, was incorporated in BVI and 1 share of US\$1.00 in the capital of NHIP was allotted and issued to NH Management for cash at par on the same day. The principal activity of NHIP is holding the trademarks of the Group. At the time of establishment and as at the Latest Practicable Date, NHIP was held as to 100% by NH Management.
- (i) On 28 June 2005, a sale and purchase agreement was entered into between NH Group as vendor and NH Corporation as purchaser, pursuant to which 1 share of HK\$1.00 representing the entire issued share capital of NH Management was transferred from NH Group to NH Corporation at a consideration of HK\$1, which was satisfied by NH Corporation in cash.

### *Acquisition of NH Group, NH Properties and NH Land*

- (j) On 8 July 2004, NH Group, a company with limited liability with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, was incorporated in BVI and 1 share of US\$1.00 in the capital of NH Group was allotted and issued to CLCL for cash at par on 10 July 2004. On 17 January 2005, the said 1 share of US\$1.00 in the capital of NH Group was transferred by CLCL to Mr. Richard Tao at par in cash. On 26 February 2005, the said 1 share of US\$1.00 in the capital of NH Group was transferred by Mr. Richard Tao to Mr. CF Tao at par in cash. On the same day, 1 share of US\$1.00 in the capital of NH Group was allotted and issued to Mrs. Nancy Tao for cash at par.
- (k) On 24 November 2004, NH Land, a company with limited liability with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, was incorporated in Hong Kong and 1 share of HK\$1.00 in the capital of NH Land was allotted and issued to the initial subscriber for cash at par on the same day. On 6 December 2004, the said 1 share of HK\$1.00 in the capital of NH Land was transferred by the initial subscriber to NH Group at par in cash.
- (l) On 22 February 2005, NH Properties, a company with limited liability with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, was incorporated in Hong Kong and 1 share of HK\$1.00 in the capital of NH Properties was allotted and issued to NH Group for cash at par on the same day.
- (m) On 28 June 2005, a sale and purchase agreement was entered into between Mr. CF Tao and Mrs. Nancy Tao as vendors and NH Corporation as purchaser, pursuant to which a total of 2 shares of US\$1.00 each representing the entire issued share capital of NH Group were transferred from Mr. CF Tao and Mrs. Nancy Tao to NH Corporation at a total consideration of US\$2, which was satisfied by NH Corporation in cash.



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### *Transfer of the entire equity interest in SNHPDC*

- (n) On 26 August 2005, an equity interest transfer agreement in Chinese was entered into between WML and NH Properties, pursuant to which WML agreed to transfer 100% equity interest in SNHPDC to NH Properties for a consideration of US\$100,000. Such transfer was approved by the relevant PRC authorities on 26 October 2005.

### *Acquisition of Accordcity and NH Investments*

- (o) On 3 November 2004, Accordcity, a company with limited liability with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, was incorporated in BVI and 1 share of US\$1.00 in the capital of Accordcity was allotted and issued to NH Group for cash at par on 19 November 2004.
- (p) On 20 May 2005, NH Investments increased its authorised share capital from HK\$10,000,000 to HK\$100,000,000 by the creation of an additional 9,000,000 shares of HK\$10 each.
- (q) On 28 June 2005, a sale and purchase agreement was entered into between NH Group as vendor and NH Corporation as purchaser, pursuant to which 1 share of US\$1.00 representing the then entire issued share capital of Accordcity was transferred to NH Corporation at a consideration of US\$1, which was satisfied by NH Corporation in cash.
- (r) On 28 June 2005, a subscription agreement was entered into between NH Investments, Mr. SP Tao, OPII and CLCL, pursuant to which NH Investments capitalised and set off on a dollar to dollar basis the outstanding shareholders' loan in the total amount of HK\$52,600,000 owed to its then 3 shareholders, namely Mr. SP Tao, OPII and CLCL, by having applied such amount to allot and issue at par (i) 2,188,018 shares of HK\$10 each to Mr. SP Tao; (ii) 1,094,009 shares of HK\$10 each to OPII; and (iii) 1,977,973 shares of HK\$10 each to CLCL, on the same day.
- (s) On 28 June 2005, a sale and purchase agreement was entered into between CLCL as vendor and Belbroughton as purchaser, pursuant to which 2,354,012 shares of HK\$10 each in the capital of NH Investments were transferred from CLCL to Belbroughton at a consideration of HK\$23,540,120.
- (t) On 6 July 2005, a sale and purchase agreement was entered into between Belbroughton, Mr. SP Tao and OPII as vendors, Accordcity as purchaser and Mr. CF Tao as warrantor, pursuant to which the respective 2,354,012 shares, 2,603,992 shares and 1,301,996 shares of HK\$10 each in, which in aggregate represent the entire issued share capital of, NH Investments were transferred from Belbroughton, Mr. SP Tao and OPII respectively to Accordcity at the respective consideration of HK\$23,540,120, HK\$26,039,920 and HK\$13,019,960, which were satisfied by the allotment and issue of 38 shares, 42 shares and 21 shares of US\$1.00 each in the capital of Accordcity to Belbroughton, Mr. SP Tao and OPII respectively, credited as fully paid, on the same day.
- (u) On 12 July 2005, a sale and purchase agreement was entered into between Belbroughton, Mr. SP Tao and OPII as vendors and NH Corporation as purchaser and Mr. CF Tao as warrantor, pursuant to which 38 shares, 42

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shares and 21 shares of US\$1.00 each in Accordcity were transferred from Belbroughton, Mr. SP Tao and OPII respectively to NH Corporation at the respective consideration of HK\$23,540,120, HK\$26,039,920 and HK\$13,019,960, which were satisfied by the allotment and issue of 38 shares, 42 shares and 21 shares of US\$1.00 each in the capital of NH Corporation to Belbroughton, Mr. SP Tao and OPII respectively, credited as fully paid, on the same day.

- (v) On 13 July 2005, a sale and purchase agreement was entered into between Belbroughton, Mr. SP Tao and OPII as vendors and the Company as purchaser, pursuant to which 38 shares, 42 shares and 21 shares of US\$1.00 each in the capital of NH Corporation were transferred from Belbroughton, Mr. SP Tao and OPII respectively to the Company at the respective consideration of HK\$23,540,120, HK\$26,039,920 and HK\$13,019,960, which were satisfied by the allotment and issue of 630,136 Shares, 697,052 Shares and 348,526 Shares in the capital of the Company to Belbroughton, Mr. SP Tao and OPII respectively, credited as fully paid, on the same day.

### *Acquisition of WML*

- (w) WML is a limited company incorporated in Hong Kong on 6 March 1987. The principal activity of WML is to provide treasury service to the Group. At the time of incorporation, WML was held as to 50% by each of two initial subscribers, which then transferred all their respective shareholding in WML to Mr. Kong Mui Sum Lawrence and Mr. Chau Ka Lung respectively on 11 March 1987. On 19 November 1990, Mr. Kong Mui Sum Lawrence, an executive Director, transferred his 50% equity interest in WML to Mr. CF Tao at par. On 16 September 1996, Mr. Chau Ka Lung, a nephew of Mr. CF Tao, transferred his 50% equity interest in WML to Mr. SP Tao at par. WML wholly owns SNHPDC, which is established in Suzhou, the PRC on 29 March 2004. Currently, the principal activity of SNHPDC is providing design and consultancy service for property development. The registered capital of SNHPDC is US\$100,000 which has been fully paid up and is held as to 100% by WML. The operative term of SNHPDC is 50 years commencing from the date of incorporation to 28 March 2054.
- (x) On 31 March 2005, WML increased its authorized share capital from HK\$10,000 to HK\$1,000,000 by the creation of an additional 990,000 shares of HK\$1.00 each.
- (y) On 31 March 2005, WML capitalized the reserve in the amount of HK\$679,998 standing credit to the profit and loss account of WML by having the said amount applied in paying up in full for 679,998 shares of HK\$1.00 each in its capital, of which 339,999 shares were issued and allotted, credited as fully paid up, at par to each of Mr. CF Tao and Mr. SP Tao. On the same day, WML issued and allotted a further 60,000 shares of HK\$1.00 each in the capital of WML for cash at par to each of Mr. CF Tao and Mr. SP Tao.
- (z) On 28 June 2005, Mr. CF Tao and Mr. SP Tao as vendors and NH Corporation as purchaser entered into a sale and purchase agreement, pursuant to which the respective 400,000 shares and 400,000 shares of HK\$1.00 each in, which in aggregate represent the entire issued share capital

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of, WML were transferred from Mr. CF Tao and Mr. SP Tao respectively to NH Corporation at the respective consideration of US\$1.00 and US\$1.00, which were satisfied by the allotment and issue of 1 share of US\$1.00 in the capital of NH Corporation to each of Mr. CF Tao and Mr. SP Tao, credited as fully paid, on the same day.

- (aa) On 13 July 2005, a sale and purchase agreement was entered into between Mr. CF Tao and Mr. SP Tao as vendors and the Company as purchaser, pursuant to which the respective 1 share and 1 share of US\$1.00 each in the capital of NH Corporation were transferred from Mr. CF Tao and Mr. SP Tao respectively to the Company at the respective consideration of HK\$107.07 and HK\$107.07, which were satisfied by the allotment and issue of 10,707 Shares to Belbroughton, as directed by Mr. CF Tao, and of 10,707 Shares to Mr. SP Tao, credited as fully paid, on the same day.

On 14 November 2005, Belbroughton, OPII, Mr. Richard Tao, Mr. Paul Tao, Mr. Kong Mui Sum Lawrence, Mr. Yim Chun Leung and the Staff Shareholders subscribed for, and the Company issued and allotted on 15 November 2005, 431,809 Shares, 20,536 Shares, 65,773 Shares, 65,773 Shares, 16,440 Shares, 8,220 Shares and 7,520 Shares at par in cash respectively. Save as described above, as at the Latest Practicable Date, there were no other changes in the shareholding structure of the Company. The Company's shareholding structure immediately prior to completion of the Share Offer was as follows:

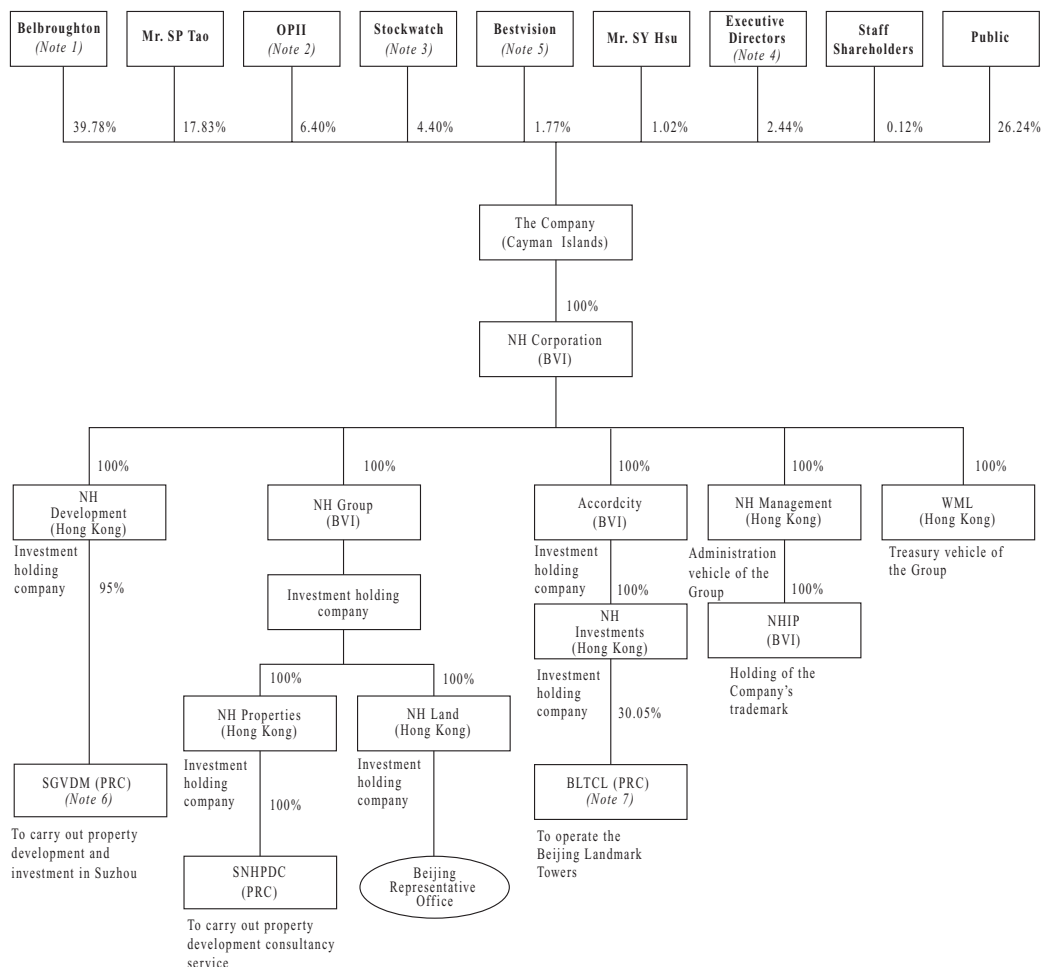
Shareholder	Approximate percentage of shareholding in the Company
Belbroughton ( <i>Note 1</i> )	53.93%
Mr. SP Tao	24.17%
OPII ( <i>Note 2</i> )	8.68%
Stockwatch ( <i>Note 3</i> )	5.97%
Executive Directors ( <i>Note 4</i> )	3.30%
Bestvision ( <i>Note 5</i> )	2.40%
Mr. SY Hsu	1.39%
Staff Shareholders	0.16%

*Notes:*

1. Belbroughton is owned as to 50% by Mr. CF Tao and as to 50% by Mrs. Nancy Tao.
2. OPII is owned as to 50% by Mr. James Hajime Kinoshita and as to 50% by Mrs. Kinoshita Cheung Yuen Shiu Lana. Mr. James Hajime Kinoshita was a former director of NH Development and NH Investments.
3. Stockwatch is owned as to 50% by Mr. Wong Philip Kin Hang and as to 50% by his spouse, Mrs. Wong Cheng Gertrude Kwok Cheung. Mrs. Wong Cheng Gertrude Kwok Cheung was a former director of NH Development.
4. Each of Mr. Richard Tao, Mr. Paul Tao, Mr. KONG Mui Sum, Lawrence and Mr. YIM Chun Leung holds 6,577,300 Shares, 6,577,300 Shares, 1,644,000 Shares and 822,000 Shares respectively, representing approximately 1.03%, approximately 1.03%, approximately 0.25% and approximately 0.13% of the issued share capital of the Company immediately following completion of the Share Offer, assuming the Over-allotment Option is not exercised.
5. Bestvision is owned as to 50% by Dr. Koo Chia Gee George and as to 50% by his spouse, Mrs. Koo Cheong Ian Chon, Doris. Dr. Koo Chia Gee George was a former director of NH Development.

## HISTORY AND DEVELOPMENT

The following chart sets out the shareholding and corporate structure of the Group and its associated company immediately following completion of the Share Offer and the Capitalisation Issue and assuming that no Shares have been issued pursuant to the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme (all percentages shown are approximate figures):



### Notes:

1. Belbroughton is owned as to 50% by Mr. CF Tao and as to 50% by Mrs. Nancy Tao.
2. OPII is owned as to 50% by Mr. James Hajime Kinoshita and as to 50% by Mrs. Kinoshita Cheung Yuen Shiu Lana. Mr. James Hajime Kinoshita was a former director of NH Development and NH Investments.
3. Stockwatch is owned as to 50% by Mr. Wong Philip Kin Hang and as to 50% by Mrs. Wong Cheng Gertrude Kwok Cheung. Mrs. Wong Cheng Gertrude Kwok Cheung was a former director of NH Development.
4. Each of Mr. Richard Tao, Mr. Paul Tao, Mr. KONG Mui Sum, Lawrence and Mr. YIM Chun Leung holds 6,577,300 Shares, 6,577,300 Shares, 1,644,000 Shares and 822,000 Shares respectively, representing approximately 1.03%, approximately 1.03%, approximately 0.25% and approximately 0.13% of the issued share capital of the Company immediately following completion of the Share Offer and the Capitalisation Issue, assuming the Over-allotment Option and the options that may be granted under the Share Option Scheme are not exercised.
5. Bestvision is owned as to 50% by Dr. Koo Chia Gee George and as to 50% by his spouse, Mrs. Koo Cheong Ian Chon, Doris. Dr. Koo Chia Gee George was a former director of NH Development.
6. SNDDC owns the remaining 5% equity interest in SGVDM.
7. BTG and RMSL own the remaining 50% and 19.95% of the equity interest in BLTCL respectively.