

I. FURTHER INFORMATION ABOUT THE COMPANY**1. Incorporation of the Company**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 23 December 2004. The Company has established its principal place of business in Hong Kong at Room 2301, 23/F., Fortis Bank Tower, 77-79 Gloucester Road, Wanchai, Hong Kong and has been registered as an oversea company in Hong Kong under Part XI of the Companies Ordinance since 7 June 2005. In connection with such registration, the Company has appointed Mr. Richard Tao of 25/F., Grand Bowen, 11B Bowen Road, Hong Kong as the authorised representative of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong.

As the Company is incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution comprising a memorandum of association and the Articles. A summary of various provisions of the Company's constitution and certain relevant aspects of the Companies Law is set out in Appendix VI to this prospectus.

2. Changes in the share capital of the Company

As at the date of incorporation of the Company, its authorised share capital was HK\$300,000,000 divided into 30,000,000,000 Shares. On 23 December 2004, one subscriber's share of HK\$0.01 in the Company was allotted and issued to the initial subscriber and was transferred by the initial subscriber on the same day to Belbroughton for cash at par.

On 23 June 2005, the Company issued and allotted 4 Shares, credited as fully paid, to Belbroughton on the direction of Mr. CF Tao and Mrs. Nancy Tao for the purpose of satisfying the total consideration of HK\$0.04 for the 4 shares of US\$1.00 each in the capital of NH Corporation transferred to the Company by Mr. CF Tao and Mrs. Nancy Tao pursuant to a sale and purchase agreement entered into between Mr. CF Tao and Mrs. Nancy Tao as vendors and the Company as purchaser on the same day.

On 24 June 2005, the Company issued and allotted, credited as fully paid, to Belbroughton, Mr. SP Tao, LCI, OPII, Stockwatch, Bestvision, Mr. SY Hsu, Thinksmart and Oceanport Holdings such number of Shares as set out in column 3 of the following table for the purpose of satisfying the total consideration of HK\$24,100.01 for the 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 transferred to the Company by the vendors as set out in column 1 of the following table respectively pursuant to a sale and purchase agreement entered into

between the aforesaid vendors and the Company as purchaser on the same day:

Vendors	Number of shares in the capital of NH Corporation sold to the Company	Number of Shares issued by the Company as consideration
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)

On 13 July 2005, the Company issued and allotted 630,136 Shares, 697,052 Shares and 348,526 Shares, credited as fully paid, to Belbroughton, Mr. SP Tao and OPII respectively for the purpose of satisfying the respective consideration of HK\$23,540,120, HK\$26,039,920 and HK\$13,019,960 for the 38 shares, 42 shares and 21 shares of US\$1.00 each in the capital of NH Corporation transferred to the Company by Belbroughton, Mr. SP Tao and OPII respectively pursuant to a sale and purchase agreement entered into between Belbroughton, Mr. SP Tao and OPII as vendors and the Company as purchaser on the same day.

On 13 July 2005, the Company issued and allotted 10,707 Shares to Belbroughton, as directed by Mr. CF Tao, and 10,707 Shares to Mr. SP Tao respectively, both credited as fully paid, for the purpose of satisfying the respective consideration of HK\$107.07 and HK\$107.07 for the 1 share and 1 share of US\$1.00 each in the capital of NH Corporation transferred to the Company by Mr. CF Tao and Mr. SP Tao respectively pursuant to a sale and purchase agreement entered into between Mr. CF Tao and Mr. SP Tao as vendors and the Company as purchaser on the same day.

On 15 November 2005, the Company issued 431,809 Shares to Belbroughton, 20,536 Shares to OPII, a total of 156,206 Shares to the four executive Directors comprising Mr. Richard Tao, Mr. Paul Tao, Mr. Kong Mui Sum Lawrence and Mr. Yim Chun Leung, and a total of 7,520 Shares to the Staff Shareholders, all at par in cash, pursuant to ten separate subscription agreements entered into between the Company and the aforesaid allottees on 14 November 2005.

Assuming that the Share Offer becomes unconditional and the issue of the Offer Shares mentioned herein are made, but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, the authorised share capital of the Company will be HK\$300,000,000 divided into 30,000,000,000 Shares and the issued share capital of the Company will be HK\$6,403,214 divided into 640,321,400 Shares fully paid or credited as fully paid. Other than pursuant to any options which may be granted under the Share Option Scheme, the exercise of the Over-allotment Option or the exercise of the general mandate to issue shares referred to in the paragraph headed “Written resolutions of all the Shareholders passed on 14 November 2005” below, there is no present intention to issue any part of the authorised but unissued share capital of the Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed in this prospectus, there has been no alteration in the share capital of the Company since its incorporation.

3. Written resolutions of all the Shareholders passed on 14 November 2005

On 14 November 2005, written resolutions of all the Shareholders were passed pursuant to which, amongst other things:

- (a) the Company approved and adopted the amended and restated memorandum of association of the Company as well as the Articles;
- (b) conditional on (i) the Listing Committee of the Stock Exchange granting or agreeing to grant permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein (including any Shares which may be issued pursuant to the Share Offer, the Over-allotment Option and the Share Option Scheme); and (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Book-runners (for themselves and on behalf of the Underwriters)) and not being terminated in accordance with the terms of such agreement or otherwise, in each case on or before 8:00 a.m. (Hong Kong time) on the day on which dealings in the Shares commence on the Stock Exchange (which is expected to be on or about Friday, 2 December 2005) (or such later date as may be agreed between Joint Book-runners and the Company in writing):

- (i) the Share Offer was approved and the Directors were authorised to effect the same and to allot and issue the Offer Shares;
 - (ii) the conditional Over-allotment Option was approved and the Directors were authorised to allot and issue any Shares which may be required to be issued if the Over-allotment Option is exercised;
 - (iii) the rules of the Share Option Scheme were approved and adopted and the Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares issued pursuant thereunder and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme and to vote on any matter connected therewith notwithstanding that they or any of them may be interested in the same; and
 - (iv) conditional upon the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to capitalise the amount of HK\$4,675,981.86 from the amount standing to the credit of the share premium account of the Company to pay up in full at par 467,598,186 Shares for allotment and issue to the person(s) whose name(s) appears on the register of members of the Company at the close of business on 15 November 2005, pro-rata to its/their then existing shareholdings in the Company;
- (c) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal in (otherwise than by way of rights issue or an issue of shares upon the exercise of any subscription or conversion rights attached to any warrants or any securities which are convertible into Shares or pursuant to the exercise of any options which may be granted under the Share Option Scheme, any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other person of share or rights to acquire Shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by the Shareholders in general meeting) Shares with a total nominal value not exceeding 20% of the total nominal value of the share capital of the Company in issue immediately following completion of the Share Offer, such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;

- (d) a general unconditional mandate was given to the Directors authorising them to exercise all powers of the Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares with a total nominal value not exceeding 10% of the total nominal value of the share capital of the Company in issue immediately following completion of the Share Offer, such mandate to remain in effect until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;
- (e) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above provided that such extended amount shall not exceed 10% of the total nominal value of the share capital of the Company in issue immediately following completion of the Share Offer.

4. Corporate reorganisation

The companies comprising the Group underwent two separate parts of reorganisation to rationalize the Group's structure in preparation for the listing of the Shares on the Main Board.

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 in cash.
- (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 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)

Assignors	Outstanding moneys due from NH Development	Outstanding loans due from NH Development	Consideration shares issued by NH Corporation
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)
(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:			

Vendors	Number of shares in the capital of NH Corporation sold to the Company	Number of Shares issued by the Company as consideration
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

Vendors	Number of shares in the capital of NH Corporation sold to the Company	Number of Shares issued by the Company as consideration
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)

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.
- (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.

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\$52,600,000.00 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 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) On 31 March 2005, WML increased its authorized share capital from HK\$10,000.00 to HK\$1,000,000 by the creation of an additional 990,000 shares of HK\$1.00 each.
- (x) 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.

- (y) 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 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.
- (z) 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.

Part 3: Subscription for Shares by Belbroughton, OPII, four executive Directors and the Staff Shareholders

- (aa) On 14 November 2005, a subscription agreement was entered into between the Company and Belbroughton, pursuant to which the Company issued and allotted 431,809 Shares to Belbroughton at par in cash on 15 November 2005.
- (bb) On 14 November 2005, a subscription agreement was entered into between the Company and OPII, pursuant to which the Company issued and allotted 20,536 Shares to OPII at par for cash on 15 November 2005.
- (cc) On 14 November 2005, a subscription agreement was entered into between the Company and the four executive Directors comprising Mr. Richard Tao, Mr. Paul Tao, Mr. Kong Mui Sum Lawrence and Mr. Yim Chun Leung, pursuant to which the Company issued and allotted 65,773 Shares, 65,773 Shares, 16,440 Shares and 8,220 Shares to Mr. Richard Tao, Mr. Paul Tao, Mr. Kong Mui Sum Lawrence and Mr. Yim Chun Leung respectively, all at par for cash, on 15 November 2005.
- (dd) On 14 November 2005, a subscription agreement was entered into between the Company and each of the Staff Shareholders comprising Mr. Fung Sik Kuen, Mr. Li Chun Fai, Ms. Chan Sik Kum, Ms. Lau Yuk Ling Kathy, Ms. Fung Yuk Ling Elaine, Ms. Lee Shuk Chan and Ms. Tsang Yuen Hing Janet, pursuant to which the Company issued and allotted 620 Shares, 1,320 Shares, 980 Shares, 980 Shares, 1,320 Shares, 980 Shares and 1,320 Shares to Mr. Fung Sik Kuen, Mr. Li Chun Fai, Ms. Chan Sik Kum, Ms. Lau Yuk Ling Kathy, Ms. Fung Yuk Ling Elaine, Ms. Lee Shuk Chan and Ms. Tsang Yuen Hing Janet respectively, all at par for cash, on 15 November 2005.

5. Changes in the share capital of subsidiaries of the Company

Changes in the share capital of subsidiaries of the Company

The Company's subsidiaries are referred to in the accountants' report on the Group, the text of which is set out in Appendix I to this prospectus.

Pursuant to an equity interest transfer agreement in Chinese dated 26 August 2005 and entered into between WML and NH Properties, WML transferred 100% equity interest in SNHPDC to NH Properties on 26 October 2005 for a consideration of US\$100,000.

Save as disclosed above and in the paragraph headed "Corporate reorganisation" in this Appendix, there has been no alteration in the share capital of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

Matter relating to the share capital of subsidiaries of the Company

On 22 June 2005, a deed of confirmation was entered into between NH Development, Mr. CF Tao, Mrs. Nancy Tao, Mr. SP Tao, LCI, Peanma, Shanghai International Investments Inc. (which was dissolved on 15 October 2001 and was represented by its two former directors under the laws of Liberia), Stockwatch, Hallam and OSE. Pursuant to such a deed of confirmation, each of Mr. CF Tao, Mrs. Nancy Tao, Mr. SP Tao, LCI, Peanma, Shanghai International Investments Inc., Stockwatch, Hallam and OSE gave, among others, certain confirmations, undertakings and releases to, inter alia, NH Development and its directors in connection with their purported interest in the invalid share capital denominated in US\$ of NH Development. The Group has sought legal advice which confirms that, on the basis that (i) NH Development has never distributed any dividend to its shareholders or purported shareholders since its incorporation and (ii) its shareholders, purported shareholders and transferees of the shares denominated in US\$ have duly signed the said deed of confirmation to, amongst others, forgives, discharges and releases NH Development, its shareholders, directors, officers, employees, agents and each of the other purported shareholders from all claims, demands, actions and proceedings whatsoever (whether past, present, actual, contingent or potential and whether or not presently known or specifically disclosed) which they have or may at any time have arising from or in connection with his purported shareholdings in NH Development, the purported shareholders of NH Development do not have any valid ground or cause of action to take legal proceedings against NH Development or its shareholders or directors for damages and/or compensation or for specific performance resulting from the invalid conversion, invalid allotments and the invalid transfers of the shares in NH Development.

6. Information on the PRC entities within the Group and a PRC entity being associated company of the Group

(a) PRC entities within the Group

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|--|--|
| (1) Name: | SGVDM |
| Nature: | Co-operative joint venture enterprise |
| Legal representative: | Mr. CF Tao |
| Registered capital: | US\$12.15 million (fully and timely paid-up) |
| Total investment amount: | US\$27.70 million |
| Name of Group member which is the shareholder of the enterprise: | NH Development |
| Percentage of equity interest: | 95% |
| Term of the enterprise: | 19 September 1991 to 18 September 2061 |
| (2) Name: | SNHPDC |
| Nature: | Wholly-owned foreign equity company |
| Legal representative: | Mr. CF Tao |
| Registered capital: | US\$100,000 (fully and timely paid-up) |
| Total investment amount: | US\$100,000 |
| Name of Group member which is the shareholder of the enterprise: | NH Properties |
| Percentage of equity interest: | 100% |
| Term of the enterprise: | 29 March 2004 to 28 March 2054 |

(b) PRC entity being associated company of the Group

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|--|--|
| Name: | BLTCL |
| Nature: | Sino-foreign equity joint venture enterprise |
| Legal representative: | 李中根 (Li Zhonggen) |
| Registered capital: | US\$28 million (fully and timely paid-up) |
| Total investment amount: | US\$112 million |
| Name of Group member which is the shareholder of the enterprise: | NH Investments |
| Percentage of equity interest: | 30.05% |
| Term of the enterprise: | 31 January 1986 to 6 October 2020 |

7. Repurchase by the Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) Regulations of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to the written resolution of all the Shareholders passed on 14 November 2005, a general unconditional mandate (the "Share Repurchase Mandate") was given to the Directors authorising any repurchase by the Company of Shares as described in the paragraph headed "Written resolutions of all the Shareholders passed on 14 November 2005" in this appendix.

(ii) Source of funds

Any repurchases must be financed out of funds legally available for the purpose in accordance with the memorandum of association of the Company and the Articles and the applicable laws and regulations of the Cayman Islands.

(b) Exercise of the Share Repurchase Mandate

Exercise in full of the Share Repurchase Mandate, on the basis of 640,321,400 Shares in issue immediately after completion of the Share Offer (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and the Share Option Scheme), could accordingly result in up to 64,032,140 Shares being repurchased by the Company during the course of the period prior to the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles and the applicable laws and regulations of the Cayman Islands to be held; or
- (iii) the revocation, variation or renewal of the Share Repurchase Mandate by ordinary resolution of the Shareholders in general meeting.

(c) Reasons for repurchases

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value of the Company and/or earnings per Share.

(d) Funding of repurchases

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association of the Company, the Articles and the applicable laws and regulations of the Cayman Islands. Pursuant to the Share Repurchase Mandate, repurchases will be made out of funds of the Company legally permitted to be utilised in this connection, including profits of the Company or out of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles and subject to the Companies Law, out of capital of the Company. The Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(e) General

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this prospectus) in the event that the Share Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate in accordance with the Listing Rules, the memorandum of association of the Company, the Articles and the applicable laws and regulations of the Cayman Islands.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention, if the Share Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell any Shares to the Company or has undertaken not to do so, if the Share Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interest of the Shareholder(s), could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made after the listing of the Shares on the Main Board. Save as aforesaid, the Directors are not aware of any other consequence under the Takeovers Code as a result of a repurchase of Shares made immediately after the listing of the Shares.

II. SUMMARY OF THE SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme approved and adopted pursuant to the written resolutions of all the Shareholders passed on 14 November 2005. The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants (as defined in paragraph 2 below) for their contributions to the Group and for such other purposes as the Board may approve from time to time.

2. Who may join

The Board may, at its discretion, invite any executive or non-executive directors including independent non-executive directors or any employees (whether full-time or part-time) of the Company, its subsidiaries and associated companies; any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the Group or its associated companies; any consultants, professional and other advisers to each member of the Group or its associated companies (or persons, firms or companies proposed to be appointed for providing such services); any chief executives or substantial shareholders of the Company; any associates of any director, chief executive or substantial shareholder of the Company; and any employees (whether full-time or part-time) of substantial shareholders of the Company, provided that the Board may have absolute discretion to determine whether or not one falls within the above categories, (together, the “Participants” and each a “Participant”), to take up options (“Option(s)”) to subscribe for Shares at a price determined in accordance with paragraph 6 below.

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

3. Conditions

The Share Option Scheme shall take effect subject to the following conditions:

- (a) the passing of an ordinary resolution approving the adoption of the Share Option Scheme by the shareholders of the Company and authorising the Directors to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the Share Option Scheme;
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, (i) the Shares in issue and to be issued as mentioned in this prospectus and (ii) any Shares to be issued pursuant to the exercise of Options under the Share Option Scheme; and
- (c) the commencement of dealings in the Shares on the Stock Exchange.

If the above conditions are not satisfied on or before the date which is 90 days after the date of this prospectus, the Share Option Scheme shall forthwith determine automatically, any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of the grant of an Option by the Board shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme, any Option or any offer of the grant of an Option.

4. Duration and administration

- (a) Subject to the fulfilment of the conditions in paragraph 3 above and the termination provisions in paragraph 16, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which period no further Options will be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect, and Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of grant.
- (b) The Share Option Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all parties.
- (c) Subject to compliance with the requirements of the Listing Rules and the provisions of the Share Option Scheme, the Board shall have the right (i) to interpret and construe the provisions of the Share Option Scheme; (ii) to determine the persons who will be granted Options under the Share Option Scheme and the number of Shares to be issued pursuant to such Options; (iii) to determine the price per Share at which a Grantee (as defined below) may subscribe for Shares on the exercise of an Option (the “Subscription Price”); (iv) to make such appropriate and equitable adjustments to the terms of Options granted under the Share Option Scheme as it deems necessary; and (v) to make such other decisions, determinations or regulations as it shall deem appropriate in the administration of the Share Option Scheme.

5. Grant of Option

- (a) On and subject to the terms of the Share Option Scheme, the Board shall be entitled at any time, within 10 years after the date on which the Share Option Scheme is adopted to make an offer of the grant of an Option by the Board (“Offer”) to any Participant as the Board may in its absolute discretion think fit, to subscribe for such number of Shares as the Board may (subject to paragraph 9) determine at the Subscription Price.
- (b) No Offer shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified by the Company to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its

results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement.

- (c) An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine (the “Offer Letter”) requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Participant concerned for a period of 14 days from the date upon which the Offer is made, provided that no such Offer shall be open for acceptance after the 10th anniversary from the date on which the Share Option Scheme is adopted or after the Share Option Scheme has been terminated in accordance with the provisions thereof, whichever is earlier.
- (d) An Option shall be deemed to have been accepted by any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme or (where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of such Participant (the “Grantee”) and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the Offer Letter (as defined in sub-paragraph 5(c) above) comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the granting thereof is received by the Company within the period as stipulated in sub-paragraph 5(c) above. Such remittance shall in no circumstances be refundable nor deemed to be part of the Subscription Price.
- (e) Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within the period and in the manner stipulated in sub-paragraph 5(d) above, it will be deemed to have been irrevocably declined.
- (f) Subject to the provisions of the Share Option Scheme and the Listing Rules, the Board may when making the Offer impose any conditions, restrictions or limitations in relation to the Options as it may at its absolute discretion think fit.
- (g) Participants resident in the PRC are required to comply with applicable laws and regulations in the PRC in respect of acceptance of any Option offered to them or the exercise of any Option granted to them.

6. Subscription Price

Subject to any adjustments made pursuant to paragraph 11 below, the Subscription Price in respect of each Share issued pursuant to the exercise of Options granted hereunder shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the business day on which an Offer is accepted by the Grantee or if such date of acceptance by the Grantee is not a business day, the immediately preceding business day;

- (b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an Offer is accepted by the Grantee (provided that the new issue price shall be used as the closing price for any business day falling within the period before listing of the Shares where the Company has been listed for less than 5 business days as at the date on which an Offer is accepted by the Grantee); and
- (c) the nominal value of a Share.

7. Exercise of Options

- (a) An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Option (where the Grantee is a company, any change of its major shareholder or any substantial change in its management (to be determined by the Board at its absolute discretion) will be deemed to be a sale or transfer of interest aforesaid save that the Grantee may nominate a nominee in whose name in the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing by a Grantee shall render any Option or part thereof granted to such Grantee (to the extent it has not already been exercised) be automatically cancelled in accordance with sub-paragraph 8(f) below.
- (b) Unless otherwise determined by the Board and specified in the Offer Letter (as defined in sub-paragraph 5(c) above) at the time of the Offer, there are neither any performance targets that need to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised. An Option may be exercised in whole or in part in the manner as set out in the Offer Letter and in sub-paragraph 7(c) below by the Grantee (or his personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised which, if less than the total number of Shares subject to all Options which may be exercised by the Grantee then, must be in an integral multiple of the board lot for dealing in Shares on the Stock Exchange. Each such notice must be accompanied by a remittance for the full amount of the total Subscription Price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and where appropriate, receipt of the certificate of the auditors for the time being of the Company pursuant to paragraph 11 below, the Company shall allot the relevant Shares to the Grantee (or his personal representative(s)) credited as fully paid and issue to the Grantee (or his personal representative(s)) a share certificate in respect of the Shares so allotted.
- (c) Subject to as hereinafter provided and subject to the terms and conditions upon which such Option was granted, the Option may be exercised by the Grantee at any time during a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the Share Option Scheme ("Option Period") provided that:
 - (i) in the event that the Grantee ceases to be a Participant for any reason other than on the Grantee's death or the termination of the Grantee's employment,

directorship, office or appointment on one or more of the grounds specified in sub-paragraph 8(d) below, the Grantee may exercise the Option up to the Grantee's entitlement at the date of cessation (to the extent which it has become exercisable and not already exercised) within the period of 3 months (or such longer period as the Board may determine) following the date of such cessation. Such date of cessation shall be, in the case of an employee, a director, a consultant, professional and other adviser or chief executive of the relevant company, the last actual working day with the relevant company whether salary is paid in lieu of notice or not, or the last date of office or appointment or in the case of a discretionary object, the date of the last actual working day with the relevant company or the last date of office or appointment of the settlor of the discretionary trust and, the date of cessation as determined by a resolution of the board of directors or governing body of the relevant company shall be conclusive;

- (ii) in the event the Grantee, if an individual, dies before exercising the Option in full and none of the events which would be a ground for termination of the Grantee's employment, directorship, office or appointment under sub-paragraph 8(d) below arises, the personal representative(s) of the Grantee shall be entitled within a period of 6 months or such longer period as the Board may determine from the date of death, to exercise the Option up to the entitlement of such Grantee at the date of death (to the extent which has become exercisable and not already exercised);
- (iii) if a general offer by way of take-over is made to all the holders of Shares (other than by way of scheme of arrangement pursuant to sub-paragraph 7(c)(iv) below) (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and if such offer becomes or is declared unconditional prior to the expiry of the relevant Option Period, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his personal representative(s)) may by notice in writing to the Company within 21 days of the notice of the offeror exercise the Option (to the extent which has become exercisable on the date of the notice of the offeror and not already exercised) to its full extent or to the extent specified in such notice;
- (iv) if a general offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his personal representative(s)) may thereafter (but only until such time as shall be notified by the Company, after which it shall lapse) exercise the Option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in such notice;
- (v) if a compromise or arrangement between the Company and its shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (other than a general offer or a scheme of arrangement contemplated in sub-paragraphs 7(c)(iii) and 7(c)(iv) above),

the Company shall give notice thereof to the Grantee on the same date as it despatches the notice which is sent to each shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the Court, exercise any of his Options (to the extent which has become exercisable and not already exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Share Option Scheme. The Company may require the Grantee (or his personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement; and

- (vi) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to convene the shareholders' meeting, give notice thereof to all Grantees. Each Grantee (or his legal personal representative(s)) may by notice in writing to the Company (such notice to be received by the Company not later than 2 business days prior to the proposed general meeting) exercise the Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.
- (d) The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of their allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividends or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue.

8. Lapse of Option

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;

- (b) the expiry of the periods referred to in the above sub-paragraphs 7(c)(i), 7(c)(ii), 7(c)(iii) or 7(c)(v);
- (c) subject to the scheme of arrangement referred to in sub-paragraph 7(c)(iv) or compromise or arrangement referred to in sub-paragraph 7(c)(v) becoming effective, the expiry of the period referred to in sub-paragraph 7(c)(iv) or 7(c)(v);
- (d) the date on which the Grantee ceases to be a full-time or part-time employee, director, consultant, professional or other adviser, discretionary objects of a discretionary trust or chief executive of the relevant company or substantial shareholder of the Company (as the case may be) by reason of the termination of his employment, directorship, office or appointment on the grounds that he has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to pay debts, or has become insolvent, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, in the event of which a resolution of the board of directors or governing body of the relevant company or substantial shareholder of the Company (as the case may be) to the effect that the employment, directorship, office or appointment of a Grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph 8.4 shall be conclusive;
- (e) the close of 2 business days prior to the general meeting of the Company held for the purpose of approving the voluntary winding-up of the Company or the date of the commencement of the winding-up of the Company;
- (f) the date on which the Grantee commits a breach of sub-paragraph 7(a) above; or
- (g) the date on which the Option is cancelled by the Board as provided in paragraph 15 below.

The Company shall owe no liability to any Grantee for the lapse of any Option under this paragraph 8.

9. Maximum number of Shares available for subscription

- (a) Subject to sub-paragraph 9(b) below :
 - (i) The total number of Shares, which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 64,032,140 being 10% of the total number of Shares in issue on the date of commencement of dealings in the Shares on the Stock Exchange, unless the Company obtains an approval from its shareholders pursuant to sub-paragraph 9(a)(ii) below. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating such 10% limit.
 - (ii) The Company may seek approval of its shareholders in general meeting for refreshing the 10% limit set out in sub-paragraph 9(a)(i) above such that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not

exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating such limit as refreshed. In such a case, the Company shall send a circular to its shareholders containing the information required under the Listing Rules.

- (iii) The Company may seek separate approval by its shareholders in general meeting for granting Options beyond the 10% limit provided the Options in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send a circular to its shareholders containing, amongst other terms, a generic description of the specified Participant(s) who may be granted such Options, the number of Shares subject to the Options to be granted, the terms of the Options to be granted, the purpose of granting Options to the specified Participant(s), an explanation as to how these Options serve such purpose and such other information as required under the Listing Rules.
- (b) Notwithstanding any provision in paragraph 9(a) above and subject to paragraph 11 below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in the aforesaid limit being exceeded.

10. Maximum entitlement of Shares of each Participant

- (a)
 - (i) Subject to sub-paragraph 10(a)(ii) below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
 - (ii) Notwithstanding sub-paragraph 10(a)(i), where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the shareholders of the Company in general meeting with such Participant and his associates abstaining from voting. The number and terms (including the exercise price) of the Options to be granted to such Participant shall be fixed before the shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price. In such a case, the Company shall send a circular to its shareholders containing, amongst other terms, the identity of such Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant) and such other information as required under the Listing Rules.

- (iii) In addition to the above paragraph 9 and sub-paragraphs 10(a)(i) and 10(a)(ii), any grant of Options to a Participant who is a director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is the Grantee).
- (iv) In addition to the above paragraph 9 and sub-paragraphs 10(a)(i) and 10(a)(ii), where the Board proposes to grant any Option to a Participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) to him in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate more than 0.1% of the total number of Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by the shareholders of the Company in general meeting. In such a case, the Company shall send a circular to its shareholders containing all those terms as required under the Listing Rules. All connected persons of the Company must abstain from voting in favour at such general meeting (except that any connected person may vote against the relevant resolution provided his intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll and the applicable requirements of the Listing Rules must be complied with.

- (b) Subject to the above sub-paragraphs 9(a), 9(b) and 10(a), in the event of any alteration in the capital structure of the Company whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than as a result of an issue of Shares as consideration in a transaction), the maximum number of Shares referred to in the above sub-paragraphs 9(a), 9(b) and 10(a) will be adjusted in such manner as an independent financial adviser or the auditors for the time being of the Company (acting as experts and not as arbitrators) shall confirm to the directors of the Company in writing to be fair and reasonable.

11. Reorganisation of capital structure

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, subdivision, consolidation, or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is a party, such corresponding alterations (if any) shall be made to:

- (a) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or

- (b) the Subscription Price; and/or
- (c) the method of exercise of the Option (if applicable),

as an independent financial adviser or the auditors for the time being of the Company shall at the request of the Board certify in writing to the directors of the Company, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and that any such alterations shall satisfy the requirements set out in the note to rule 17.03(13) of the Listing Rules (and any supplementary guidance and/or practice notes as may be issued by the Stock Exchange from time to time) and shall give a Grantee the same proportion of the issued share capital of the Company as that to which the Grantee was previously entitled, provided that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the independent financial adviser or the auditors for the time being of the Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the auditors for the time being of the Company shall be borne by the Company.

12. Share capital

The exercise of any Option shall be subject to the shareholders of the Company in a general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

13. Disputes

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the auditors for the time being of the Company or an independent financial adviser appointed by the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding.

14. Alteration of the Share Option Scheme

- (a) The provisions of the Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Share Option Scheme as to:
 - (i) the definitions of “Grantee”, “Option Period” and “Participant”;
 - (ii) the provisions of the above paragraphs and sub-paragraphs 4(a), 5(a), 5(b), 5(c), 6, 7, 8, 9, 10, 11 and this paragraph 14; and
 - (iii) all such other matters set out in Rule 17.03 of the Listing Rules,

shall not be altered to the advantage of the Participants except with the prior approval of the shareholders of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the affected Grantees as would be required of the shareholders of the Company under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.

- (b) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the shareholders of the Company in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (c) The amended terms of the Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (d) Any change to the authority of the directors of the Company or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by the shareholders of the Company in general meeting.

15. Cancellation of the Options granted

The Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Option granted but not exercised. Where the Company cancels Options and makes an Offer of the grant of new Options to the same Option holder, the Offer of the grant of such new Options may only be made, under the Share Option Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by the shareholders of the Company as mentioned in the above paragraph 9.

16. Termination of the Share Option Scheme

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme (including, but not limited to the exercise of Options by Grantees in accordance with the provisions of the Share Option Scheme) shall remain in full force and effect.

Application has been made to the Listing Committee for listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options.

As at the date of this prospectus, no Option has been granted or agreed to be granted by the Company under the Share Option Scheme.

III. FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP**1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:

- (a) a supplemental agreement dated 31 December 2004 entered into between Miripa Investments (Liberia) Inc. and NH Investments for the purpose of supplementing and amending certain matters in a sale and purchase agreement dated 24 October 2003 entered into between Miripa Investments (Liberia) Inc. as vendor and NH Investments as purchaser (pursuant to which both parties agreed and confirmed that as at 31 December 2000 Miripa Investments (Liberia) Inc. had agreed to sell and NH Investments agreed to purchase 5.05% equity interest of BLTCL for a total consideration of US\$1,414,000 (the “2003 Agreement”)), including the amendment of the consideration stated in the 2003 Agreement to HK\$12,154,666.50;
- (b) a deed of undertaking dated 21 June 2005 given by Mr. Wong, Philip Kin Hang in favour of NH Corporation, NH Development and Stockwatch in relation to, amongst other things, the deed of confirmation and the matters referred to therein;
- (c) a deed of undertaking dated 21 June 2005 given by Mrs. Wong Cheng, Gertrude Kwok Cheung in favour of NH Corporation, NH Development and Stockwatch in relation to, amongst other things, the deed of confirmation and the matters referred to therein;
- (d) a deed of confirmation dated 22 June 2005 entered into between NH Development, Mr. CF Tao, Mrs. Nancy Tao, Mr. SP Tao, LCI, Peanma, Shanghai International Investments Inc. (which was dissolved on 15 October 2001 and was represented by its two former directors under the laws of Liberia), Stockwatch, Hallam and OSE pursuant to which each of Mr. CF Tao, Mrs. Nancy Tao, Mr. SP Tao, LCI, Peanma, Shanghai International Investments Inc., Stockwatch, Hallam and OSE gave, among others, certain confirmations, undertakings and releases to, inter alia, NH Development and its directors in connection with their purported interest in NH Development;
- (e) a sale and purchase agreement dated 23 June 2005 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 in the 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;

- (f) a sale and purchase agreement dated 23 June 2005 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;
- (g) a deed of assignment dated 24 June 2005 entered into by Choice Win, Mr. CF Tao, Mrs. Nancy Tao, Mr. SP Tao, LCI, Peanma, OSE, Stockwatch, Hallam, NH Development and NH Corporation, pursuant to which 70 shares, 4 shares, 3 shares, 31 shares, 41 shares, 43 shares, 17 shares, 24 shares and 7 shares of US\$1.00 in the capital of NH Corporation were allotted and issued to Choice Win, Mr. CF Tao, Mrs. Nancy Tao, Mr. SP Tao, LCI, Peanma, OSE, Stockwatch and Hallam (or to the party(ies) as directed by them), credited as fully paid, in consideration of the assignment to NH Corporation of the respective rights and interests in outstanding subscription moneys and/or loans (as the case may be);
- (h) a sale and purchase agreement dated 24 June 2005 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 77 shares, 29 shares, 22 shares, 4 shares, 28 shares, 11 shares, 7 shares, 43 shares and 19 shares of US\$1.00 each in the capital of NH Corporation were allotted and issued to the Company at the respective consideration of HK\$7,712, HK\$2,892.02, HK\$2,212.39, HK\$409.70, HK\$2,819.72, HK\$1,132.71, HK\$655.52, HK\$4,338.03 and HK\$1,928.01, which were satisfied by the allotment and issue of 771,200 Shares (all of which were issued to Belbroughton), 289,202 Shares (all of which were issued to Mr. SP Tao), 221,239 Shares (all of which were issued to Belbroughton on LCI's direction), 40,970 (all of which were issued to OPII), 281,972 Shares (all of which were issued to Stockwatch), 113,271 Shares (all of which were issued to Bestvision on the direction of Hallam), 65,552 Shares (all of which were issued to Mr. SY Hsu), 433,803 Shares (all of which were issued to Belbroughton on the direction of Thinksmart) and 192,801 Shares (of which 48,200 Shares were issued to Belbroughton and 144,601 Shares were issued to Mr. SP Tao on the direction of Oceanport Holdings) respectively;
- (i) a sale and purchase agreement dated 28 June 2005 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;
- (j) a sale and purchase agreement dated 28 June 2005 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;


- (k) a sale and purchase agreement dated 28 June 2005 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;
- (l) a subscription agreement dated 28 June 2005 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\$52,600,000.00 from Mr. SP Tao, OPII and CLCL, by allotting and issuing 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;
- (m) a sale and purchase agreement dated 28 June 2005 entered into by Mr. CF Tao and Mr. SP Tao as vendors and NH Corporation as purchaser, 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 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;
- (n) a sale and purchase agreement dated 6 July 2005 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 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;
- (o) a sale and purchase agreement dated 12 July 2005 entered into between Belbroughton, Mr. SP Tao and OPII as vendors, NH Corporation as purchaser, Mr. CF Tao as warrantor, pursuant to which 38 shares, 42 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;

- (p) a sale and purchase agreement dated 13 July 2005 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 was satisfied by the allotment and issue of 630,136 Shares, 697,052 Shares and 348,526 Shares to Belbroughton, Mr. SP Tao and OPII respectively, credited as fully paid;
- (q) a sale and purchase agreement dated 13 July 2005 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;
- (r) an equity interest transfer agreement in Chinese dated 26 August 2005 entered into between WML and NH Properties pursuant to which WML agreed to sell and NH Properties agreed to purchase 100% equity interest in SNHPDC for a consideration of US\$100,000;
- (s) a deed dated 1 November 2005 entered into between Miripa Investments (Liberia) Inc. and NH Investments whereby, inter alia, Miripa Investments (Liberia) Inc. and NH Investments made, among other things, confirmation in relation to the beneficial interest in the 5.05% equity interest in BLTCL transferred by Realty Management Services (Pte) Ltd. to NH Investments in 1995;
- (t) a subscription agreement dated 14 November 2005 entered into between the Company and Belbroughton pursuant to which Belbroughton subscribed for 431,809 Shares at par in cash;
- (u) a subscription agreement dated 14 November 2005 entered into between the Company and OPII pursuant to which OPII subscribed for 20,536 Shares at par in cash;
- (v) a subscription agreement dated 14 November 2005 entered into between the Company and the four executive Directors comprising Mr. Richard Tao, Mr. Paul Tao, Mr. Kong Mui Sum Lawrence and Mr. Yim Chun Leung, pursuant to which Mr. Richard Tao, Mr. Paul Tao, Mr. Kong Mui Sum Lawrence and Mr. Yim Chun Leung subscribed for 65,773 Shares, 65,773 Shares, 16,440 Shares and 8,220 Shares respectively, all at par in cash;
- (w) a subscription agreement dated 14 November 2005 entered into between the Company and Mr. Fung Sik Kuen, pursuant to which Mr. Fung Sik Kuen subscribed for 620 Shares at par in cash;



- (x) a subscription agreement dated 14 November 2005 entered into between the Company and Mr. Li Chun Fai, pursuant to which Mr. Li Chun Fai subscribed for 1,320 Shares at par in cash;
- (y) a subscription agreement dated 14 November 2005 entered into between the Company and Ms. Chan Sik Kum, pursuant to which Ms. Chan Sik Kum subscribed for 980 Shares at par in cash;
- (z) a subscription agreement dated 14 November 2005 entered into between the Company and Ms. Lau Yuk Ling Kathy, pursuant to which Ms. Lau Yuk Ling Kathy subscribed for 980 Shares at par in cash;
- (aa) a subscription agreement dated 14 November 2005 entered into between the Company and Ms. Fung Yuk Ling Elaine, pursuant to which Ms. Fung Yuk Ling Elaine subscribed for 1,320 Shares at par in cash;
- (bb) a subscription agreement dated 14 November 2005 entered into between the Company and Ms. Lee Shuk Chan, pursuant to which Ms. Lee Shuk Chan subscribed for 980 Shares at par in cash;
- (cc) a subscription agreement dated 14 November 2005 entered into between the Company and Ms. Tsang Yuen Hing Janet, pursuant to which Ms. Tsang Yuen Hing Janet subscribed for 1,320 Shares at par in cash;
- (dd) a non-competition deed dated 16 November 2005 entered into between Mr. CF Tao, Mrs. Nancy Tao and the Company pursuant to which Mr. CF Tao and Mrs. Nancy Tao have given certain non-competition undertakings in favour of the Company;
- (ee) the Underwriting Agreement; and
- (ff) a deed of indemnity dated 21 November 2005 entered into between Belbroughton, Seal United, Mr. CF Tao and Mrs. Nancy Tao and the Company for itself and as trustee for its subsidiaries, under which Belbroughton, Seal United, Mr. CF Tao and Mrs. Nancy Tao have given certain indemnities in favour of the Group containing, among other things, the indemnities referred to in the paragraph headed “Estate duty and tax indemnity” in this Appendix.

2. Intellectual property rights

As at the Latest Practicable Date, the Group is the registrant of the following trademarks:

Trademark	Place of registration	Class	Registration date	Registration number
	Hong Kong	36 and 37 (<i>Note 1</i>)	23 February 2005	300374887
新澤	Hong Kong	36 and 37 (<i>Note 1</i>)	23 February 2005	300374878

As at the Latest Practicable Date, the Group has applied for registration of the following trademarks:

Trademark	Place of application	Class	Application date	Application number
	PRC	36 (<i>Note 2</i>)	15 March 2005	4541849
	PRC	37 (<i>Note 2</i>)	15 March 2005	4541848
新澤	PRC	36 (<i>Note 2</i>)	15 March 2005	4541847
新澤	PRC	37 (<i>Note 2</i>)	15 March 2005	4541846

Notes:

1. The relevant services registered under Class 36 in Hong Kong include real estate agency services, real estate valuation services, real estate management and consultancy services, real estate appraisals services, real estate investment services, renting and leasing real estate, real estate brokerage services, capital investment services, and financial valuation services. The relevant services registered under Class 37 in Hong Kong include real estate development services and property development services.
2. The relevant services applied for under Class 36 in the PRC include real estate agency services, real estate valuation services, real estate management, real estate consultancy services, real estate appraisals services, real estate investment services, renting and leasing real estate, real estate brokerage services, and capital investment services. The relevant services applied for under Class 37 in the PRC include real estate construction, building, and construction supervision.

IV. DISCLOSURE OF INTERESTS

1. Directors

(a) Interest in Shares

Immediately following completion of the Share Offer (taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted pursuant to the Share Option Scheme), the interests or short positions of each of the Directors and the chief executives in the share capital, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which, once the Shares are listed, will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange are set out as follows :

Name of Director	Name of relevant company	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total	Approximate percentage of shareholding
Mr. CF Tao <i>(Note)</i>	the Company	Nil	Nil	254,709,900	Nil	254,709,900	39.78 %
Mr. Richard Tao	the Company	6,577,300	Nil	Nil	Nil	6,577,300	1.03%
Mr. Paul Tao	the Company	6,577,300	Nil	Nil	Nil	6,577,300	1.03%
Mr. Kong Mui							
Sum, Lawrence	the Company	1,644,000	Nil	Nil	Nil	1,644,000	0.25%
Mr. Yim Chun							
Leung	the Company	822,000	Nil	Nil	Nil	822,000	0.13%

Note:—

Belbroughton is the legal and beneficial owner of 254,709,900 Shares. Belbroughton is wholly-owned by Seal United, which in turn is owned by Mr. CF Tao and Mrs. Nancy Tao in equal proportion. Accordingly, Mr. CF Tao is deemed to be interested in the 254,709,900 Shares held by Belbroughton.

(b) Particulars of service agreements

Each of the executive Directors has entered into a service agreement with the Company for an initial term of two years commencing from 1 December 2005 (the “Commencement Date”) which will continue thereafter provided that either the Company or the executive Director may, after six months of the Commencement Date, terminate the appointment of the executive Director by giving to the other party not less than three months’ written notice of termination or by payment in lieu of such notice. The salary of the executive Directors pursuant to their respective service agreement is subject to review each year.

Pursuant to their respective service agreements, each executive Director is entitled to receive after the second anniversary of the commencement of his initial term of appointment a gratuity payment which is equivalent to a percentage varying from 10% up to 25% of the total remuneration that he has received for the aforesaid initial term of two years. Assuming that all executive Directors will complete their respective initial terms of two years, it is estimated that the total gratuity payments payable to all executive Directors will be HK\$1,781,000 after the second anniversary of their initial term of two years.

In addition, the service agreement of each executive Director has incorporated the discretionary bonus scheme of the Group, pursuant to which an amount of not more than 20% of the excess amount over the annual profit attributable to the shareholders of the Company may be distributed at the discretion of the Board to the executive Directors and permanent staff of the Group as bonus within one month after the release of the Company's consolidated results if the annual profit attributable to the shareholders of the Company is over HK\$50,000,000 but below HK\$60,000,000. In case that the annual profit attributable to the shareholders of the Company is over HK\$60,000,000, an amount of not more than 20% of the excess amount over HK\$50,000,000 plus an amount of not more than 25% of the excess amount over HK\$60,000,000 may be distributed at the discretion of the Board to the executive Directors and permanent staff of the Group as bonus.

Pursuant to the service agreements of all the executive Directors, the initial total remuneration (excluding the gratuity payment after completion of two years' initial term of appointment and the discretionary bonus) payable to the executive Directors will be HK\$11,960,000 for the two years' initial term of appointment, assuming that there will be no increment in their remuneration during the period.

Pursuant to the letters of appointment of the non-executive Directors (including the independent non-executive Directors), the term of appointment of each of such non-executive Director is three years commencing from the date of appointment which may be terminated by either party by giving one month's written notice.

Pursuant to the letter of appointment between the Company and Mr. Chan Bernard Charnwut (being the non-executive Director), his director's fee is HK\$120,000 per annum.

Pursuant to the letters of appointment between the Company and each of Mr. Wong Gary Ka Wai, Mr. Sun Leland Li Hsun and Mr. Chan Norman Enrique (all of whom are independent non-executive Directors), their directors' fees are HK\$180,000, HK\$120,000 and HK\$120,000 per annum respectively.

Save as disclosed above, none of the Directors has entered or has proposed to enter into any service agreements with the Company or any members of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

(c) Directors' remuneration

- (i) HK\$114,000 was paid to the Directors by the Group in respect of the financial year ended 31 December 2004.
- (ii) An aggregate of approximately HK\$4.6 million (excluding the gratuity payment after completion of the two years' initial term of appointment and the discretionary bonus) as remuneration is estimated to be paid to the Directors by the Group in respect of the financial year ending 31 December 2005 pursuant to the present arrangement.
- (iii) Save as disclosed in this prospectus, no Director received any remuneration or benefits in kind from the Group for the financial year ended 31 December 2004.

2. Substantial Shareholders*Interests in the Company*

Immediately following completion of the Share Offer (taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), in addition to the interests disclosed under the paragraph headed "Directors" above, so far as the Directors are aware, the persons (not being a member of the Group) who will have interests or short positions in the Shares and underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

Name	Personal interest	Family interest	Corporate interest	Total	Approximate percentage of shareholding
Belbroughton <i>(Note)</i>	Nil	Nil	254,709,900	254,709,900	39.78%
Seal United <i>(Note)</i>	Nil	Nil	254,709,900	254,709,900	39.78%
Mr. CF Tao <i>(Note)</i>	Nil	Nil	254,709,900	254,709,900	39.78%
Mrs. Nancy Tao <i>(Note)</i>	Nil	Nil	254,709,900	254,709,900	39.78%
Mr. SP Tao	114,156,200	Nil	Nil	114,156,200	17.83%

Note: Belbroughton is the legal and beneficial owner of 254,709,900 Shares. Belbroughton is wholly-owned by Seal United, which in turn is owned by Mr. CF Tao and Mrs. Nancy Tao in equal proportion. Accordingly, Seal United as well as Mr. CF Tao and Mrs. Nancy Tao are deemed to be interested in the 254,709,900 Shares.

Save as disclosed herein but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, the Directors are not aware of any person who will immediately following completion of the Share Offer have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who (not being a member of the Group) will immediately following completion of the Share Offer be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital in any member of the Group carrying rights to vote in all circumstances at general meetings of such member of the Group.

3. Related party transactions

The Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 31 in the accountant's report on the Group set out in Appendix I and the paragraph headed "Connected Transactions" in the section headed "Business" to this prospectus.

V. OTHER INFORMATION

1. Estate duty and tax indemnity

Each of Belbroughton, Seal United, Mr. CF Tao and Mrs. Nancy Tao (the "Indemnifiers") has pursuant to a deed of indemnity referred to in the paragraph headed "Summary of material contracts" under the section headed "Further Information about the Business of the Group" in this Appendix, given indemnities in connection with, among others, any taxation (including any land value added tax or potential land value-added tax in relation to or arising from the sale, transfer, disposal and/or assignment of any land use rights and/or properties of the Group or otherwise entered into or occurring or deemed to be entered into or occurring at any time on or prior to the Listing Date) which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received or deemed to be so earned, accrued or received on or before the Listing Date.

The Indemnifiers will however, not be liable under the deed of indemnity for taxation where:

- (a) to the extent that provision (including accounts payables), reserve (including capital or revenue reserve) or allowance has been made for such taxation or taxation claim in the audited consolidated accounts of the Company or the audited accounts of any member of the Group for the three years ended 31 December 2004 and the six months ended 30 June 2005;
- (b) to the extent that such taxation claim arises as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority coming into force after the Listing Date or to the extent that such taxation arises or is increased by an increase in rates of taxation after the Listing Date, with retrospective effect;
- (c) to the extent any provision (including accounts payables), reserve (including capital or revenue reserve) or allowance made for taxation in the audited consolidated accounts of the Group for the three (3) years ended 31 December 2004 and the six months ended 30 June 2005 which is finally established to be an over-provision (including accounts payables) or an excessive reserve (including capital or revenue reserve) or allowance;
- (d) for any penalty imposed on the Group under the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) by reason of the Group defaulting, at any time after the Listing Date, in any obligation to give information under the Estate Duty Ordinance but the Indemnifiers shall be liable for any interest on unpaid estate duty; or
- (e) to the extent that such taxation claim would not have arisen but for a voluntary act, transaction or omission carried out or effected by the Group at any time after the Listing Date and without the approval of the Indemnifiers.

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries under the laws of the Cayman Islands, BVI or the PRC, being jurisdictions in which one or more of the companies comprising the Group are incorporated.

2. Litigation

In February 2002, the Intermediate People's Court of Suzhou Municipality (蘇州市中級人民法院) rejected SGVDM's appeal to overturn one of the rulings of the People's Court in Hugiu District of Suzhou Municipality (蘇州市虎丘區人民法院) that SGVDM shall pay housing allowances in the total amount of RMB29,812.50 to one of its former employees in a labour dispute with that employee. SGVDM did not accept the rejection and on 4 March 2002 it applied to the Intermediate People's Court of Suzhou Municipality (蘇州市中級人民法院) for a retrial of the appeal. Although the ground for the application for retrial was submitted by SGVDM on 23 April 2002, the Intermediate People's Court of Suzhou Municipality (蘇州市中級人民法院) has not yet decided to accept the application. Nor has the Court proceeded to commence hearing of SGVDM's application. Despite the application, on 8 May 2002 SGVDM paid all the amounts pursuant to the order of the People's Court in Hugiu District of Suzhou Municipality (蘇州市虎丘區人民法院). If the Intermediate People's Court of Suzhou Municipality (蘇州市中級人民法院) proceeds to hear SGVDM's application for retrial, SGVDM will apply to withdraw its application for retrial.

Save as disclosed above, as at the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

3. Joint Sponsors

Tanrich Capital and Altus Capital have jointly made an application on behalf of the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein (including any Shares falling to be issued pursuant to the exercise of the Over-allotment Option and pursuant to the exercise of any options granted under the Share Option Scheme).

4. Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately HK\$11.4 million and are payable by the Company.

5. Promoter

There is no promoter of the Company.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:—

Name	Qualification
Tanrich Capital	licensed under the SFO to conduct Types 1 and 6 regulated activities under the SFO
Altus Capital	licensed under the SFO to conduct Types 4, 6 and 9 regulated activities under the SFO
Grandall Legal Group (Shanghai)	PRC lawyers
Grant Thornton	certified public accountants
DTZ Debenham Tie Leung Limited	chartered surveyors
Appleby Spurling Hunter	Cayman Islands attorneys-at-law

7. Consents of experts

Each of Tanrich Capital, Altus Capital, Grandall Legal Group (Shanghai), Grant Thornton, DTZ Debenham Tie Leung Limited and Appleby Spurling Hunter has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

9. Agency fees or commission received

The Underwriters will receive an underwriting commission, and the Joint Sponsors will receive a financial advisory fee, as referred to in the paragraph headed “Commissions and expenses” in the section headed “Underwriting Arrangements for the Share Offer” of this prospectus.

10. Disclaimers

Save as disclosed in this prospectus :

- (a) none of the Directors nor any of the persons whose names are listed in the paragraph headed “Consents of experts” in this Appendix is interested in the promotion of the Company, or in any assets which have been within the two years immediately preceding the issue of this prospectus, or are proposed to be, acquired or disposed of by or leased to any member of the Group; and

- (b) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group.

11. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash; and
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries;
- (b) no founders or management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued;
- (c) no share or loan capital of the Company or any of its subsidiaries is under option, or is agreed conditionally or unconditionally to be put under option;
- (d) none of Tanrich Capital, Altus Capital, Grandall Legal Group (Shanghai), Grant Thornton, DTZ Debenham Tie Leung Limited and Appleby Spurling Hunter:
 - (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group;
- (e) no company within the Group is presently listed on any stock exchange or traded on any trading system;
- (f) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement; and
- (g) this prospectus is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the meaning of English words or terms in the English version of this prospectus and the Chinese words or terms in the Chinese translation, the English version of this prospectus shall prevail.