

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the Board, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules during the period under review.

MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code on securities transactions by directors set out in Appendix 10 of the Listing Rules (the “Model Code”) as its own code of conduct regarding director’s securities transactions. The Company confirms that, having made specific enquiry of all directors, the Board has complied with the required standard set out in the Model Code.

SHARE OPTIONS HELD BY DIRECTORS

The Company’s share option schemes (the “Schemes”), the Pre-IPO and Post-IPO Share Option Schemes were adopted by the then sole shareholder of the Company by way of written ordinary resolutions passed on 31 August 2002 for the purposes of providing incentives or rewards to directors and eligible employees for their contribution to the Group. The subscription price for the Shares under the Pre-IPO Share Option Scheme is HK\$0.6 per share. The grantees are permitted to exercise options granted under the Pre-IPO Share Option Scheme during the period commencing from the expiry of six months from the date of listing of Shares on the Stock Exchange and up to 19 September 2004. No further options can be granted under the Pre-IPO Share Option Scheme after the date of listing of the Shares on the Stock Exchange. The Pre-IPO Share Option Scheme is valid for a period of 10 years commencing on 31 August 2002 save as early terminated in accordance with the scheme. The maximum number of shares in respect of which options may be granted under the Post-IPO Share Option Scheme shall not exceed 8,020,000 shares, being 10% (the “Scheme Mandate Limit”) of the issued share capital of the Company as at the date of an adoption of the Scheme. The Scheme Mandate Limit may be renewed by the approval of shareholders proposed that the number of shares under outstanding options shall not exceed 30% of shares in issue from time to time.

No eligible employee shall be granted options in any 12-month period up to the date of grant which would result in the total number of shares issued or to be issued upon exercise of the options granted (including both exercised and outstanding options) exceeding 1% of the aggregate number of shares for the time being in issue. Options had been granted to the Executive and Non-Executive Directors under the Pre-IPO Share Option Scheme for a consideration of HK\$1 from each of them and details are as follows:

Name of grantee	Date of grant	Exercisable period (both dates inclusive)	Exercise price at 30 September 2004 HK\$	Number of	Number of	Number of
				Share Options outstanding at 1 April 2004	Share Options lapsed during the period	Share Options outstanding at 30 September 2004
Mr. LIU Chen-chun	31.08.02	19/03/03-19/09/04	0.6	800,000	800,000	-
Mr. HSIEH Chin-chen	31.08.02	19/03/03-19/09/04	0.6	400,000	400,000	-
				1,200,000	1,200,000	-

On or before the date of options being granted under the Pre-IPO Share Opinion Scheme on 31 August 2002, shares in the capital of the Company has not yet started trading on the Stock Exchange. Compared with the initial issue price as per the Company's prospectus dated 10 September 2002, the exercise price for options granted represents a premium of 20%.

At the annual general meeting of the Company held on 19 September 2003, it was resolved to amend the rules of the Pre-IPO Share Option Scheme so as to have all options granted under the scheme lapsed automatically and not be exercisable after the date on which the grantee ceases serving the Company. For that reason, options formerly granted to Mr. SUEN Hoi-wan, Steven, Mr. YUEN Man-yiu and Mr. LEUNG Koon-sing respectively were lapsed automatically and no longer exercisable during the period under review.

At 19 September 2004, all outstanding options formerly granted under the Share Option Scheme were lapsed. Save as disclosed above, no options have been exercised, cancelled or lapsed during the six months period ended 30 September 2004.

The options granted to directors of the Company are not recognised in the consolidated financial statements until they are exercised. The Board do not consider it appropriate to disclose a theoretical value of the share options granted. In the absence of a readily market value of the share options on the ordinary shares of the Company, the Board believe that any valuation of the share options based on a great number of speculative assumptions would not be meaningful and may be misleading to the shareholders of the Company.