

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except with deviations from code provisions A.2.1, A.4.2 and B.1 in respect of the separate role of chairman and chief executive officer, rotation of directors and establishment of remuneration committee.

Under the code provision A.2.1, the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. Under the code provision A.4.2, all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment. Under the code provision B.1, a remuneration committee should be established to make recommendations to the board on policy and structure of all remuneration of directors and senior management.

### CODE PROVISION A.2.1

The Company does not at present have any officer with the title “chief executive officer”. Mr. Wong Kwong Yu is the Chairman and an executive director of the Company responsible for overseeing the operations of the Group in Mainland China. In addition, Ms. Du Juan, an executive director, is responsible for overseeing the operations of the Group outside Mainland China. At present, the duties of a CEO are undertaken partly by the Chairman of the Company and partly by Ms. Du. The Company is currently considering appointing a CEO for the Company if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group. However, due to the nature and extent of the Group’s operations, in particular in Mainland China and the in-depth knowledge and experience in the electrical appliances market required for the position of CEO, it is not possible to determine as to when the appointment of a CEO for the Company can be effected.

### CODE PROVISION A.4.2

According to Bye-law 102 of the Bye-laws of the Company, any director appointed to fill a causal vacancy or as an addition to the Board of directors shall hold office only until the next following annual general meeting and shall be eligible for re-election.

To comply with code provision A.4.2 of the Code, the Board of directors will propose relevant amendments to be made to the Bye-laws of the Company for approval by the shareholders at the forthcoming special general meeting or annual general meeting of the Company, whichever comes first.

### CODE PROVISION B.1

The Company has not established the remuneration committee and targets to establish it within the financial year of 2005.