

STAFF AND EMPLOYMENT

Including the directors of the Group, as at 30th June 2005, the Group employed a total of 150 (31st December 2004: 150) full-time employees. Total staff remuneration for the period ended 30th June 2005 was approximately HK\$23,751,000 (2004: HK\$21,729,000).

Remuneration is reviewed annually and certain staff members are entitled to commission. In addition to the basic salaries and contributions to the mandatory provident fund, the Group also provides staff benefits including discretionary bonus and medical scheme.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the interim financial statements which have not been audited.

PURCHASE, SALE AND REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the six months ended 30th June 2005.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30th June 2005, except with deviations from code provisions A.2.1, A.4.2 and B.1 in respect of separate role of chairman and chief executive officer, rotation of directors and establishment of remuneration committee.

Code Provision A.2.1

The roles of the Chairman and chief executive officer are not separated and are performed by the same individual, Mr. Tsang Sik Yin, Eric. The Board will meet regularly to consider major matters affecting the operations of the Company. The Board considers that this structure will not impair the balance of power and authority between Board and the management of the Company and believes that this structure will enable us to make and implement decisions promptly and efficiently.

Code Provision A.4.2

According to Bye-laws of the Company, the Chairman of the Board and the Managing Director of the Company were not subject to retirement by rotation. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30th June 2005.

By Order of the Board
Tsang Sik Yin, Eric
Chairman

Hong Kong, 9th September 2005

As at the date of this interim report, the Board comprises six executive directors, namely Mr. Tsang Sik Yin, Eric, Mr. Tsang Chung Yin, Mr. Chan Churk Kai, Dr. Tsang Ngan Chung, Mr. Tsang Yin and Ms. Ngai Chui Ling; and three independent non-executive directors, namely, Mr. Wong Wah On, Edward, Mr. Chan Yuk Ming and Mr. Wong, Samuel Kwok Hay.