

CORPORATE GOVERNANCE

of the Group's corporate governance structure to assess whether any changes, including the separation of the positions of Chairman and Chief Executive Officer, are necessary.

Code Provision A.4.1

None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. In accordance with the provisions of the Bye-laws of the Company, any Director appointed by the Board during the year shall retire and submit themselves for re-election at the first annual general meeting immediately following his/her appointment. Further, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office. The directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those in the Code.

Code Provision A.4.2

According to Bye-laws of the Company, the Executive Chairman or Managing or Joint Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. This constitutes a deviation from code provision A.4.2 of the Code. To comply with the code provision, the relevant amendment to the Bye-laws of the Company shall be proposed and approved by the shareholders at a general meeting whereby the Chairman or Managing or Joint Managing Director shall be subject to retirement by rotation.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "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 standard set out in the Code throughout the six months ended 30 June, 2005.

SHARE OPTIONS

Pursuant to the Share Option Scheme (the "Scheme") approved and adopted by the Company on 30 May 2005. The detailed terms of the Scheme will be disclosed in the 2005 annual report.

CORPORATE GOVERNANCE

During the six months ended 30 June 2005, no options were granted, exercised and lapsed.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June, 2005.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors, Mr. Lee Chung-Yin Peter, Mr. John Ho and Mr. Tse Wan-Chung Philip. Mr. John Ho is the chairman of the Committee. The Committee has adopted terms of reference which are in line with the Code and the Corporate Governance Code. The Group's unaudited financial statements for the six months ended 30 June, 2005 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

COMPLIANCE WITH CHAPTER 13 OF THE LISTING RULES

The following information is disclosed pursuant to rules 13.18 and 13.21 of Chapter 13 of the Listing Rules:

The Company entered into a loan agreement on 29 April, 2005 with a syndicate of banks for a 4-year transferable term loan facility of up to HK\$380 million to refinance a previous loan facility and for general working capital purposes. This loan agreement includes conditions to the effect that: (a) Mr. Senta Wong, the controlling shareholder of the Company, together with his associates, must remain the single largest shareholder of the Company; (b) Mr. Senta Wong, together with his associates and his other family members, must hold more than 50% of the issued share capital of the Company; and (c) Mr. Senta Wong must remain as the Chairman or the Chief Executive Officer of the Company. A breach of any of the above conditions will constitute an event of default under the Loan Agreement. If such an event of default occurs, all amounts outstanding under the facility may become immediately due and payable. As at the latest practicable date, none of the above events of default has occurred.