

REMUNERATION COMMITTEE

The Company establishes a remuneration committee with written terms of reference on 23 September 2005 pursuant to the provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules. The committee comprises three independent non-executive directors, namely Mr. Tse Ying Man, Mr. Choy Tak Ho and Ms. Chiu Lai Kuen, Susanna and two executive directors, namely Mr. Chu Chun Man, Augustine and Mr. Chu Yuk Man, Simon. Mr. Tse Ying Man is the chairman of the remuneration committee. The remuneration committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of the directors of the Company and senior management of the Group.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2005 except the following deviations:

1. Mr. Chu Chun Man, Augustine, who acts as the chairman of the Company, is also responsible for overseeing the general operations of the Group. The Company does not at present have any office with the title "Chief Executive Officer". The Company will consider to appoint a "Chief Executive Officer" on or before the next annual general meeting.
2. The Independent Non-Executive Directors ("INEDs") have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye Laws. It is the intention of the Board to establish specific terms of appointment on or before the next annual general meeting.
3. Subsequent to the balance sheet date, a remuneration committee with written terms of reference is established on 23 September 2005.
4. The Board is in the process of defining the schedule of matters specially reserved to the Board for its decision. It is expected that such process will be completed by the end of December, 2005.