

Save as disclosed above, as at 30 September 2005, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **SHARE OPTION SCHEME**

On 20 August 2002 (“Adoption Date”), the then Shareholders of the Company passed a resolution to adopt the Share Option Scheme (the “Scheme”) of the Company. The Scheme will remain in force for a period of ten years from the Adoption Date. At 30 September 2005, no option has been granted by the Company pursuant to the Scheme.

### **CLOSURE OF REGISTER**

The Register of Shareholders will be closed from 9 January 2006 to 13 January 2006, both days inclusive, during which period no transfer of shares will be effected.

All transfers, accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrars, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 6 January 2006, in order to qualify for the interim dividend above mentioned.

### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

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

### **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2005, save for the following deviations:

### **Code Provision A.4.1**

Under this code provision, the non-executive directors should be appointed for a specific term, subject to re-election.

Currently, none of the three independent non-executive directors is appointed for a specific term. However, all independent non-executive directors, are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-Laws of the Company, and the terms of their appointment will be reviewed when they are due for re-election. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.

### **Code Provision A.4.2**

Under this code provision, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Bye-Laws of the Company, one third of the directors are subject to rotation at each annual general meeting and the Chairman and/or the Managing Director of the Company is not subject to retirement by rotation, which constitutes a deviation from Code Provision A.4.2. The reason for the deviation is that the Directors of the Company do not consider that arbitrary term limits on Director's service are appropriate and the retirement by rotation has given the Company's shareholders the right to approve continuation of the service of the directors.

### **Code Provision B.1.1**

Under this code provision, the Company should establish a remuneration committee with terms of reference which deal clearly with its authority and duties. During the Period, the Company has not yet established a Remuneration Committee, as the company requires additional time to consult the independent non-executive directors on the proposed terms of reference to be adopted for the establishment of the Remuneration Committee. The Company is now dealing with the formalities and is confident that the Remuneration Committee will be set up by the end of the financial year.

### **Code Provision E.1.2**

Under this code provision, the Chairman of the Board should attend the annual general meeting.

The Chairman of the Board had not attended the annual general meeting of the Company held on 2 September 2005. The Chairman will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so.

### **COMPLIANCE WITH MODEL CODE**

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 have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2005.

### **AUDIT COMMITTEE**

The Audit Committee and the external auditors have reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2005. The Committee now comprises three independent non-executive directors of the Company.

### **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to our employees, shareholders and business associates for their contribution and support to the Group.

On behalf of the Board  
**Cheung Shu Wan**  
*Managing Director*

Hong Kong, 15 December 2005