

## SHARE OPTION

The details of share options under the Company's share option scheme during the Interim Period are as follows:

Name or category of participant	Number of share options			At 30 September 2005	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$	Price of Company's shares at exercise date of options*** HK\$
	At 1 April 2005	Granted/ Exercised/ Lapsed/ Cancelled during the period	Adjusted during the period					
Director								
Mr. Wong Siu Keung, Joe	17,000,000	–	(16,150,000)	850,000	30-10-2002	30-10-02 to 29-10-12	0.20	–
Employees	2,300,000	–	(2,185,000)	115,000	31-10-2002	31-10-02 to 30-10-12	0.20	–
Total	<u>19,300,000</u>	<u>–</u>	<u>(18,335,000)</u>	<u>965,000</u>				

\* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

\*\* The exercise price of the share options was increased from HK\$0.01 to HK\$0.20 after the Consolidation became effective on 5 May 2005 (The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital).

\*\*\* The price of the Company's shares as at the date of the exercise of the share options is the weighted average of the Stock Exchange closing prices over all of the exercises of options within the disclosure category.

At 30 September 2005, the Company had 965,000 (31 March 2005: 19,300,000) share options outstanding under the share option scheme of the Company, which represented approximately 0.3% (31 March 2005: 0.4%) of the Company's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 965,000 (31 March 2005: 19,300,000) additional ordinary shares of the Company and additional share capital of HK\$193,000 (31 March 2005: HK\$193,000).

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 30 September 2005, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

### Long position in ordinary shares of the Company

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Win Channel Investments Limited ( <i>Note 1</i> )	Directly beneficially owned	65,000,000	22.30%
Chim Pui Chung ( <i>Note 1</i> )	Through a controlled corporation	65,000,000	22.30%
Tsoi Man Chi	Directly beneficially owned	14,950,000	5.13%
Easy Huge Holdings Limited ( <i>Note 2</i> )	Directly beneficially owned	48,000,000	16.47%
Ng Kin Wah ( <i>Note 2</i> )	Through a controlled corporation	<u>48,000,000</u>	<u>16.47%</u>

*Note 1:* The interest was held by Win Channel Investments Limited, a company wholly owned by Mr. Chim Pui Chung.

*Note 2:* The interest was held by Easy Huge Holdings Limited, a company wholly owned by Mr. Ng Kin Wah.

Save as disclosed above, as at 30 September 2005, no person had registered an interest or short position in the shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## DISCLOSURE UNDER RULE 13.22 OF CHAPTER 13 OF THE LISTING RULES

In relation to the financial assistance granted by the Group to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 30 September 2005 (the "Latest Practicable Date"), to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	HK\$
Non-current assets	462,955
Current assets	6,879,908
Current liabilities	<u>(38,696,413)</u>
	<u>(31,353,550)</u>
Share capital	2,000,031
Accumulated losses	<u>(33,353,581)</u>
	<u>(31,353,550)</u>

At the Latest Practicable Date, the Group's consolidated attributable interest in these affiliated companies amounted to HK\$15,254,562 and provision for impairment of HK\$15,254,562 had been made.

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

During the Interim Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the unaudited interim consolidated financial statements for the Interim Period.

The Audit Committee comprises independent non-executive directors, Mr. Chan Ping Yim, Mr. Cheng Kwok Hing, Andy and Mr. Yeung Yuen Hei.

## **CORPORATE GOVERNANCE**

The Company has adopted the code provisions set out in Appendix 14 of the Listing Rules (the "CG Code"). During the Interim Period, the Company was in compliance with the CG Code, except for the deviation from the requirement of Code Provision A.4.2 in respect of rotation of Directors, which was different from the requirement of the existing Bye-law 87(1) of the Bye-laws of the Company.

To comply with the CG Code, a special resolution was passed in the Company's annual general meeting on 29 September 2005 that the existing Bye-law 87(1) be deleted and replaced by the new Bye-law 87(1) which requiring "at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three (3), the number nearest to one-third but not less than one-third) shall retire from office by rotation so that each director shall be subject to retirement at least once every three years".

## **MODEL CODE**

The Company has adopted the Model Code. Following specific enquiry by the Company, all directors of the Company have confirmed that they fully complied with the Model Code throughout the Interim Period.

By Order of the Board  
**Chong Sing Yuen**  
*Chairman*

Hong Kong, 23 December 2005