

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests and short positions disclosed in the section headed "Directors' and chief executive's interests in shares" above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. Throughout the six months ended 30 June 2006, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that:

1. there is no separation of the role of chairman and chief executive officer. Mr. Lau Siu Ying currently assumes the role of both the Chairman and the Chief Executive Officer of the Company;
2. all Non-executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with the Company's Bye-laws; and
3. Mr. Lau Siu Ying, the Chairman of the Board of the Company does not need to retire by rotation.

Mr. Lau Siu Ying has been in charge of the overall management of the Company since 1992. Accordingly, although Mr. Lau Siu Ying does not need to retire by rotation and assumes the role of both the Chairman and the Chief Executive Officer of the Company, the Company considers that such arrangement at this stage can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to further develop its businesses effectively. In addition, through the supervision of the Board and the independent non-executive directors, the interests of the shareholders are adequately and fairly represented.

The Company is considering the adoption of appropriate measures to ensure that the Company's corporate governance practices are no less stringent than those in the Code.