

## CORPORATE GOVERNANCE

### SHARE OPTIONS

As at 30th June 2006, options to subscribe for an aggregate of 65,150,000 shares of the Company which were granted to directors and employees pursuant to the Share Option Scheme remained outstanding, details of which were as follows:-

	Date of Grant	Exercise Price	Exercisable Period	Vesting Period	Outstanding at 1/1/2006	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 30/6/2006
<b>Category 1:</b>									
<b>Directors</b>									
Senta Wong	22.7.2005	HK\$0.56	22.7.2006-21.7.2015	22.7.2005-21.7.2006	1,000,000	-	-	-	1,000,000
			22.7.2007-21.7.2015	22.7.2006-21.7.2007	3,000,000	-	-	-	3,000,000
Edward Ying -Chun Tsui	22.7.2005	HK\$0.56	22.7.2006-21.7.2015	22.7.2005-21.7.2006	1,000,000	-	-	-	1,000,000
			22.7.2007-21.7.2015	22.7.2006-21.7.2007	3,000,000	-	-	-	3,000,000
Byron Shu -Chan Ho	22.7.2005	HK\$0.56	22.7.2006-21.7.2015	22.7.2005-21.7.2006	1,000,000	-	-	-	1,000,000
			22.7.2007-21.7.2015	22.7.2006-21.7.2007	3,000,000	-	-	-	3,000,000
Bengie Man -Hang Kwong	22.7.2005	HK\$0.56	22.7.2006-21.7.2015	22.7.2005-21.7.2006	750,000	-	-	-	750,000
			22.7.2007-21.7.2015	22.7.2006-21.7.2007	2,250,000	-	-	-	2,250,000
Hamed Hassan, EL-ABD	22.7.2005	HK\$0.56	22.7.2006-21.7.2015	22.7.2005-21.7.2006	750,000	-	-	-	750,000
			22.7.2007-21.7.2015	22.7.2006-21.7.2007	2,250,000	-	-	-	2,250,000
Peter Chung -Yin Lee	22.7.2005	HK\$0.56	22.7.2006-21.7.2015	22.7.2005-21.7.2006	150,000	-	-	-	150,000
			22.7.2007-21.7.2015	22.7.2006-21.7.2007	450,000	-	-	-	450,000
John Ho	22.7.2005	HK\$0.56	22.7.2006-21.7.2015	22.7.2005-21.7.2006	150,000	-	-	-	150,000
			22.7.2007-21.7.2015	22.7.2006-21.7.2007	450,000	-	-	-	450,000
Philip Wan -Chung Tse	22.7.2005	HK\$0.56	22.7.2006-21.7.2015	22.7.2005-21.7.2006	150,000	-	-	-	150,000
			22.7.2007-21.7.2015	22.7.2006-21.7.2007	450,000	-	-	-	450,000
Gene Howard Weiner	22.7.2005	HK\$0.56	22.7.2006-21.7.2015	22.7.2005-21.7.2006	150,000	-	-	-	150,000
			22.7.2007-21.7.2015	22.7.2006-21.7.2007	450,000	-	-	-	450,000
<b>Total</b>					<b>20,400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,400,000</b>
<b>Category 2:</b>									
<b>Employees</b>	22.7.2005	HK\$0.56			44,800,000	-	-	(1,100,000)	43,700,000
	26.9.2005	HK\$0.59			1,050,000	-	-	-	1,050,000
<b>Total all categories</b>					<b>66,250,000</b>	<b>-</b>	<b>-</b>	<b>(1,100,000)</b>	<b>65,150,000</b>

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None of the above share options were exercisable during the six months ended 30th June 2006.

These fair values were calculated using the Black-Scholes-Merton Option Pricing Model. The inputs into the model were as follows:

	Date of grant	
	22.7.2005	26.9.2005
Closing share price on date of grant	HK\$0.56	HK\$0.58
Exercise price	HK\$0.56	HK\$0.59
Risk free rate	3.12 – 3.22%	3.68 – 3.87%
Expected volatility	8.36%	4.22%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year before the grant date.

The Group recognised the total expense of approximately HK\$786,000 for the period ended 30th June 2006 (2005: Nil) in relation to share options granted by the Company.

### 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 30th June 2006.

### 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 30th June 2006 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.