

CORPORATE GOVERNANCE

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.