

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2006, in accordance with the register kept under Section 336 of the SFO, the following persons (other than the Directors or chief executive of the Company) had interests representing 5% or more of the issued share capital of the Company:

Name of shareholders	Number of shares in the Company	Number of share options in the Company	Percentage of total issued shares of the Company
Fairline Consultants Limited	312,829,280	–	58.59%
Wong Yee Man Gloria	323,599,280 (Note 1)	–	60.61%
	–	34,754,000 (Note 2)	6.51%

### Notes:

- The interest in shares includes 10,770,000 shares of the Company in which Ms. Wong Yee Man Gloria is interested as a beneficial owner and 312,829,280 shares of the Company in which she is deemed to be interested through the interest of her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).*
- Ms. Wong Yee Man Gloria is deemed to be interested in the options to subscribe for 34,754,000 shares of the Company held by her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).*

Save as disclosed herein, as at 30 June 2006, the Company has not been notified of any person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the period ended 30 June 2006, with deviations from code provisions A.2.1, A.4.1 and A.4.2 in respect of the roles of chairman and chief executive officer, the service term and rotation of directors.

**Code provision A.2.1** Under code provision A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes a deviation from code provision A.2.1 of the Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive officer. As one of the founders of the Group, Mr. Ng Siu Fai has extensive experience and knowledge in the core businesses of the Group and his duty for overseeing all aspects of the Group's operations is clearly beneficial to the Company. The Board also considers that this will not impair the balance of power and authority between the Board and the management of the Company.

**Code provision A.4.2** Under code provision A.4.2 of the Code, all directors appointed to fill casual vacancies should be subject to election by shareholders at the first general meeting after their appointment, and 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 Articles of Association of the Company before 26 June 2006, a Managing Director and a Director holding any other executive office shall not be subject to retirement by rotation. This constitutes a deviation from code provision A.4.2 of the Code. The Board reviewed the Articles of Association and proposed amendments to the Articles of Association at the annual general meeting of the Company so as to provide that all Directors other than the Chairman and the Managing Director shall be subject to retirement by rotation, and such amendments were duly passed by the shareholders of the Company at the annual general meeting of the Company held on 26 June 2006. The Board is of the view that the leadership of the Chairman and the Managing Director is vital to the Group's business continuity and stability and there should be planned and orderly succession for these offices. Any Director holding the office as Chairman or the Managing Director should therefore be exempted from the retirement by rotation and re-election at the Company's annual general meeting.

**Code provision A.4.1** Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election.

The Non-executive Directors of the Company are not appointed for specific terms. This constitutes a deviation from code provision A.4.1 of the Code. After the approval of the amendments to the Articles of Association of the Company by shareholders of the Company at the annual general meeting of the Company held on 26 June 2006, all Directors, other than the Chairman and the Managing Director (who are ordinarily executive directors), of the Company will be subject to retirement provisions. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less than those in the Code.