

SHARE OPTION SCHEME *(Continued)*

At the balance sheet date, the Company had 18,380,000 share options outstanding under the Share Option Scheme, which represented approximately 6.1% 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 18,380,000 additional ordinary shares of the Company and additional share capital of HK\$1,838,000 and share premium of HK\$25,168,000 (before issue expenses).

No expense relating to the share option scheme has been recognised in the condensed consolidated income statement for the period as there was no share option granted during the period.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2006, the following interests of 5% or more of the issued share capital and share options 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 positions:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital	Number of share options held
CM Investment Company Limited		Directly beneficially owned	171,543,775	56.76%	–
A & S Company Limited	(a)	Through a controlled corporation	171,543,775	56.76%	–
Hung Tze Nga, Cathy	(b)	Through spouse	171,544,038	56.77%	3,000,000
Hung Tze Nga, Cathy		Directly beneficially owned	1,000,000	0.33%	–
			<u>172,544,038</u>	<u>57.10%</u>	<u>3,000,000</u>
Webb David Michael		Directly beneficially owned	2,022,000	0.67%	–
Webb David Michael	(c)	Through a controlled corporation	13,132,000	4.35%	–
			<u>15,154,000</u>	<u>5.02%</u>	<u>–</u>

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES *(Continued)*

Long positions: *(Continued)*

Notes:

- (a) The interest disclosed includes the shares owned by CM Investment Company Limited. CM Investment Company Limited is held directly as to 67.46% by A & S Company Limited. Accordingly, A & S Company Limited is deemed to be interested in shares owned by CM Investment Company Limited.
- (b) Hung Tze Nga, Cathy is the spouse of CHU Chun Man, Augustine. Accordingly, Hung Tze Nga, Cathy is deemed to be interested in shares and share options owned by CHU Chun Man, Augustine.
- (c) The interest disclosed includes the shares owned by Preferable Situation Assets Limited. Preferable Situation Assets Limited is held directly as to 100% by Webb David Michael who reported the interest in shares owned by Preferable Situation Assets Limited as deemed interest.

Save as disclosed above, as at 30 June 2006 no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

AUDIT COMMITTEE

The audit committee of the Company was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The audit committee comprises three independent non-executive directors of the Company, namely Ms. Chiu Lai Kuen, Susanna, (the committee's chairman), Mr. Choy Tak Ho, and Mr. Tse Ying Man. The audit committee has reviewed the Company's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2006.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Upon specific enquiry, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2006.