

## REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference pursuant to the provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules. The committee comprises three independent non-executive directors, namely Mr. Tse Ying Man, Mr. Choy Tak Ho and Ms. Chiu Lai Kuen, Susanna and two executive directors, namely Mr. Chu Chun Man, Augustine and Mr. Chu Yuk Man, Simon. Mr. Tse Ying Man is the chairman of the remuneration committee. The remuneration committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of the directors of the Company and senior management of the Group.

## CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2006 except the following deviations:

1. Mr. Chu Chun Man, Augustine, who acts as the chairman of the Company, is also responsible for overseeing the general operations of the Group. The Company does not at present have any office with the title "Chief Executive Officer". The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

2. The Independent Non-Executive Directors ("INEDs") have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye Laws. It is the intention of the Board to establish specific terms of appointment on or before the next annual general meeting.

## COMPLIANCE WITH THE CHAPTER 13 OF THE LISTING RULES

As at 30 June 2006, the Group had loan facilities, which were subject to, inter alia, a specific performance obligation on the controlling shareholders of the Company during the tenure of such loan facilities. The specific performance obligation is that the controlling shareholders shall maintain a holding of no less than 51% in one case and 40% in another case of the total issued share capital of the Company throughout the tenure of the loan facilities granted to the Group. A breach of the obligation will constitute an event of default. As a result of such breach, the loan facilities may become due and repayable on demand by the relevant tenders according to the respective terms and conditions thereof. The details of the loan facilities are as follows:

### Amount outstanding as at 30 June 2006

HK\$8 million  
HK\$13.8 million

### Final maturity of the loan facilities

February 2007  
October 2007