

COMPLIANCE WITH CODE ON GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules throughout the period, except for the following deviation.

a) Code Provision A.2.1

This Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Lao Yuan Yi holds both the positions of the Chairman of the Board and the Chief Executive Officer.

The Board believes that vesting the role of both positions in Mr. Lao provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. The Board also considers that this structure will not impair the balance of power and authority between the Board and the management of the business of the Group given that there is a strong and independent non-executive element on the Board. The Board believes that the structure outlined above is beneficial to the Company and its business.

b) Code Provision A.4.2

This Code stipulates that every director should be subject to retirement by rotation at least once every three years. In accordance with the Articles of Association of the Company, at every general meeting one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third, shall be subject to retirement by rotation. The Board will review the current situation from time to time and shall make necessary arrangements when the Board consider appropriate.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers as set out in Appendix 10 of the Listing Rules ("Model Code"). Having made specific enquiry, the Company confirmed that all directors have complied with the required standard set out in the Model Code.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 3rd October 2006 to Friday, 6th October 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Friday, 29th September 2006. Dividend warrants will be despatched on 31st October 2006.

By order of the Board
LAO Yuan Yi
Chairman

Hong Kong, 12th September 2006