

AUDIT COMMITTEE

The Company has engaged the Auditors to assist the Audit Committee to review the 2006 interim results of the Group. A meeting of the Audit Committee was held with the Auditors and the management of the Company on 14 September 2006 for, amongst other things, reviewing the interim results of the Group for the period ended 30 June 2006.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2006, except for the following deviations:-

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

None of the existing non-executive Directors of the Company is appointed for a specific term. However, non-executive Directors of the Company (except for the Chairman) are subject to retirement by rotation and re-election at annual general meetings at least once every three years in accordance with the provisions of the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code. To further improve its corporate governance structure, the Company will try its best to procure any future appointment of non-executive Director with a specific term and subject to retirement.

- Under the first part of code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting.

The Chairman of the Board had not attended the annual general meeting of the Company held on 26 May 2006 (the "Meeting") as he had another business engagement. The Vice Chairman and Managing Director of the Company, who took the chair of the Meeting, together with other members of the Board and the Chairmen of the Audit, Remuneration and Nomination Committees attended the Meeting. The Company considers that the members of the Board and the Chairmen of the Audit, Remuneration and Nomination Committees who attended the Meeting were already of sufficient calibre and number for answering questions at the Meeting.

