

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of attracting and retaining quality personnel and other persons and providing them with incentive to contribute to the business and operation of the Group. Under the Scheme which was approved and adopted in a special general meeting of the Company held on 23 August 2002, the directors may, within a period of 10 years, grant options to any director, employee or consultant of the Group to subscribe for shares in the Company.

The maximum number of shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder, or to any of their associates, are subject to approval in advance by the independent non-executive directors.

The exercise price of the share options is determined by directors, but may not be less than the higher of (i) the Stock Exchange closing price of the shares on the date of grant of the share options; and (ii) the average Stock Exchange closing price of the shares for the five trading days immediately preceding the date of the grant of the share options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

SHARE OPTION SCHEME (Continued)

The following was the share option movements under the Scheme during the period:

Name of grantee	Number of share options				Date of grant of share options	Exercise period of share options	Exercise price per share HK\$
	At 1 April 2006	Granted during the period	Exercised during the period	Lapsed during the period			
Director							
Mr. Tam Wing Fai Johnny	17,000,000	—	—	17,000,000	—	13 Nov 2003 – 12 Nov 2006	0.0228
Employee A	14,549,800	—	—	14,549,800	—	20 Jun 2003 – 19 Jun 2006	0.0148
Employee B	17,000,000	—	—	17,000,000	—	13 Nov 2003 – 12 Nov 2006	0.0228
Total	<u>48,549,800</u>	<u>—</u>	<u>—</u>	<u>48,549,800</u>	<u>—</u>		

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2006, except for the deviation from code provision A.2.1, under which the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As there exists a clear division of each Director's duties in the Group, no designation of chief executive officer does not have any impact on operations of the Group. The Chairman of the Company is responsible for the overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board.

Model code for securities transactions by directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code for securities transactions by Directors. All members of the Board has confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the period covered by this interim report.

Audit committee review

The Company has an audit committee comprising three independent non-executive directors of the Company. The audit committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2006 and discussed the financial related matters with the management.

On behalf of the Board
Lim Man San David
Chairman

Hong Kong, 14 December 2006