



ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS

The share option scheme (the "Option Scheme") of the Company was adopted by the Company pursuant to a resolution passed on 16th May, 2002. The Option Scheme became effective on 6th June, 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The major terms of the Option Scheme has been set out in appendix VII to the Company's prospectus dated 24th May, 2002 under the section headed "Share Option Scheme".

At 30th September, 2006, the total number of shares available for issue under the Option Scheme was 109,565,609, representing 10% of the shares of the Company in issue at the date of approval of the refreshment of the share Option Scheme limit. No share options have been granted under the Option Scheme during the period.

An option agreement dated 19th April, 2006 made between the Company and Honeylink Agents Limited ("Honeylink") (Mr. Hung Hon Man, a director of the Company has beneficial interest in) in connection with the granting by the Company to Honeylink an option to subscribe for up to 400,000,000 new shares at the exercise prices of HK\$0.68-0.72 per share upon exercise of the subscription right attaching thereto as announced by the Company in its announcement dated 20th April, 2006. During the period, 29,411,764 share options were exercised at HK\$0.68 per share and as at 30th September, 2006, there were 370,588,236 outstanding options under the option agreement.

Other than as disclosed above, at no time during the period was the Company, its ultimate holding company or any subsidiaries of its ultimate holding company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or children under the age of 18, had any right to subscribe for the shares of the Company, or had exercised any such rights during the period.



PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the current period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed shares of the Company.

AUDIT COMMITTEE

The audit committee has four members comprising Messrs. Liu Chun Ning, Wilfred, Chung Wai Keung, Man Kong Yui and Kwong Chi Kit, Victor, all being independent non-executive Directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee has reviewed with Directors the accounting principals and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated interim financial statements for the current period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th September, 2006, except for certain deviations.



The major areas of deviation are as follows:

- Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election. The non-executive directors of the Company are not appointed for specific terms but subject to retirement by rotation and re-election at the annual general meeting of the Company according to the provisions of the Company's Articles of Association.
- Code provision A.2.1 stipulates that the roles chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual. The Company does not at present have any officer with the title CEO. Mr. Hung Hon Man is the chairman of the Company and has also carried out the responsibilities of CEO. Mr. Hung possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable to the Company because it can promote the efficient formulation and implementation of the Company's strategies.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

By order of the Board
Hung Hon Man
Chairman

Hong Kong, 15th December, 2006

As at the date of this report, Mr. Hung Hon Man, Mr. Cham Wai Ho, Anthony, Mr. Shum Kin Wai, Frankie, Mr. Wong Sheung Kwong and Mr. Cheng Wai Ho are executive directors of the Company. Mr. Liu Chun Ning, Wilfred, Mr. Chung Wai Keung, Mr. Man Kong Yui and Mr. Kwong Chi Kit, Victor are independent non-executive directors of the Company.