

2. *Ms. Wong Yee Man Gloria is deemed to be interested in the options to subscribe for 31,570,000 shares of the Company held by her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).*

Save as disclosed herein, as at 30 June 2005, the Company has not been notified of any person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the period ended 30 June 2005, with deviations from code provisions A.2.1, A.4.1, A.4.2 and B.1.1 to B.1.5 in respect of the roles of the chairman and chief executive officer, the service term and rotation of directors and the establishment of a remuneration committee.

Code provision A.2.1 Under code provision A.2.1, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group’s operations. This constitutes a deviation from code provision A.2.1 of the Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive officer. However, the Board considers that this will not impair the balance of power and authority between the Board and the management of the Company.

Code provisions A.4.1 and A.4.2 Under code provisions A.4.1 and A.4.2 of the Code, (a) non-executive directors should be appointed for specific terms and subject to re-election, and (b) all directors appointed to fill casual vacancies should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Company's Articles of Association, one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third, shall retire from office at each annual general meeting. The Directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director and a Director so appointed shall retire at the next annual general meeting and shall not be taken into account in determining the Directors who are to retire by rotation at the meeting. A Managing Director and a Director holding any other executive office shall not be subject to retirement by rotation.

The Non-executive Directors of the Company are not appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

The current Articles of Association of the Company do not comply fully with the code provisions. The Board will review the relevant Articles of Association and propose any amendment, if necessary, to ensure compliance with the code provisions A.4.1 and A.4.2 of the Code as soon as practicable.

Code provisions B.1.1 to B.1.5 Under code provisions B.1.1 to B.1.5 of the Code, the Company should establish a remuneration committee with, inter alia, specific written terms of reference and a majority of the members should be independent non-executive directors.

The Company has established a remuneration committee on 25 August 2005 in accordance with code provisions B.1.1 to B.1.5 as set out in the Code.