

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

There was no purchase, sale or redemption by the Company or its subsidiaries, of the Company's listed securities during the six months ended 31 December 2005.

CORPORATE GOVERNANCE

Pursuant to the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rule"), an audit committee is established by the Company on the 31 December 2005 to review and supervise the Group's financial reporting process and internal controls. The current members of the Audit Committee are the three independent non-executive directors, Mr. Cheng Sheung Hing, Mr. Cheng Kwong Choi, Alexander and Mr. Law Tai Yan. The interim results for the period ended 31 December 2005 have been reviewed by the Audit Committee.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied throughout the period ended 31 December 2005 with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules. In the opinion of the Directors, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the reporting period, except the following deviations:

The independent non-executive directors of the Company are not appointed for specific terms as required by the Code, but are subject to retirement by rotation in accordance with the Company's articles of association. (Code Provision A.4.1)

AUDIT COMMITTEE

In accordance with the Appendix 14 of the Listing Rules, the Directors established an Audit Committee since 2004 and the Audit Committee currently comprises three independent non-executive directors. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 31 December 2005.