

SHARE OPTIONS

Movements in the Company's share options during the period were as follows:

Category and name of participant	Date of grant	Exercise period	Exercise price per share HK\$	Balance as at 1st October 2005	Granted	Exercised	Cancelled/ Lapsed	Balance as at 31st March 2006
Directors								
Yu Lai Si	28th January 2004	3rd May 2004 – 31st January 2009	0.42	3,000,000	-	-	-	3,000,000
Tam Chie Sang	30th August 2002	28th February 2003 – 29th August 2007	0.52	1,500,000	-	-	-	1,500,000
	28th January 2004	3rd May 2004 – 31st January 2009	0.42	1,500,000	-	-	-	1,500,000
Yu Lai Chu, Eileen	30th August 2002	28th February 2003 – 29th August 2007	0.52	600,000	-	-	-	600,000
	28th January 2004	3rd May 2004 – 31st January 2009	0.42	1,500,000	-	-	-	1,500,000
Yu Kam Shui, Erastus	30th August 2002	28th February 2003 – 29th August 2007	0.52	1,500,000	-	-	-	1,500,000
	28th January 2004	3rd May 2004 – 31st January 2009	0.42	1,500,000	-	-	-	1,500,000
Lai Yin Ping	30th August 2002	28th February 2003 – 29th August 2007	0.52	1,500,000	-	-	-	1,500,000
	28th January 2004	3rd May 2004 – 31st January 2009	0.42	1,500,000	-	-	-	1,500,000
Wong Lung Tak, Patrick, J.P.	28th January 2004	3rd May 2004 – 31st January 2009	0.42	600,000	-	-	-	600,000
Wong Chun Nam	28th January 2004	3rd May 2004 – 31st January 2009	0.42	600,000	-	-	-	600,000
				15,300,000	-	-	-	15,300,000

Category and name of participant	Date of grant	Exercise period	Exercise price per share HK\$	Balance as at 1st October 2005	Granted	Exercised	Cancelled/ Lapsed	Balance as at 31st March 2006
Supplier								
H ₂ O Plus, L.P.	11th March 2002	11th March 2002 – 10th March 2012	1.18	3,264,000	-	-	-	3,264,000
	12th March 2003	12th March 2003 – 11th March 2013	0.54	976,000	-	-	-	976,000
				4,240,000	-	-	-	4,240,000
Employees (In aggregate)								
	26th April 2002	26th October 2002 – 25th April 2007	1.67	750,000	-	-	-	750,000
	26th April 2002	26th April 2003 – 25th April 2007	1.67	750,000	-	-	-	750,000
	30th August 2002	28th February 2003 – 29th August 2007	0.52	1,484,000	-	-	-	1,484,000
	30th August 2002	31st August 2003 – 29th August 2007	0.52	2,560,000	-	-	-	2,560,000
	30th August 2002	29th February 2004 – 29th August 2007	0.52	1,560,000	-	-	-	1,560,000
	28th January 2004	3rd May 2004 – 31st January 2009	0.42	1,160,000	-	-	-	1,160,000
	28th January 2004	1st November 2004 – 31st January 2009	0.42	1,160,000	-	-	-	1,160,000
	28th January 2004	2nd May 2005 – 31st January 2009	0.42	860,000	-	-	-	860,000
				10,284,000	-	-	-	10,284,000

In general, the employees may exercise one-third of each of their respective share options within six months, twelve months and eighteen months from the date of grant.

The directors do not consider it is appropriate to disclose a theoretical value of the share options of the Company granted because a number of factors crucial for the valuation are subjective and uncertain.

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

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2006, the following persons, other than a director or chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or, who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company:

Long position in the shares

Name of Shareholder	Capacity	Number of ordinary shares	Approximate percentage of voting power
Zinna Group Limited ⁽¹⁾	Interest of a controlled corporation	77,666,880	22.7%
Advance Favour Holdings Limited ⁽²⁾	Interest of a controlled corporation	38,833,440	11.4%
Billion Well Holdings Limited ⁽³⁾	Interest of a controlled corporation	38,833,440	11.4%

Notes:

- (1) All voting rights of Zinna Group Limited are held by Royalion Worldwide Limited, which is wholly owned by Hitchin Trading Limited as trustee of Hitchin Unit Trust which in turn is ultimately held by Trident Trust Company (Cayman) Limited, which forms part of the discretionary trust set up by Tam Chie Sang and Yu Lai Chu, Eileen. Trident Trust Company (Cayman) Limited is the trustee of the discretionary trust, the beneficiaries of which are the family members of Tam Chie Sang and Yu Lai Chu, Eileen.
- (2) Advance Favour Holdings Limited is a British Virgin Islands company beneficially owned by Lai Yin Ling, sister of Lai Yin Ping, a director of the Company.
- (3) Billion Well Holdings Limited is a British Virgin Islands company beneficially owned by Lai Yin Ling, sister of Lai Yin Ping, a director of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period under review, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE

In the opinion of the directors, save as disclosed below, the Company has complied with the code provisions (the "Code Provision") set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules during the period.

Code Provision A.2.1

The Board of the Company does not have any director with the title "Chairman". Presently the Company Secretary is responsible to ensure that all directors are properly briefed, either by his own or by members of the Company's senior management, on issues arising at board meetings. Whereas the Chief Executive Officer is responsible to ensure all directors have received adequate, complete and reliable information in a timely manner. The Board considers that the current structure facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

Code Provision A.4.1

Under the Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, the independent non-executive directors of the Company were not appointed for a specific term because they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association.

Code Provision B.1

Under the Code Provision B.1, a remuneration committee with specific written terms of reference which deal clearly with its authority and duties should be established. The Company did not have a remuneration committee during the period. However, the Company has an established policy for fixing remuneration packages for all directors and the senior management depending on the individuals' performance and responsibility, market trend and Company performance. To comply with the Code Provision, the Board is in the process of establishing a remuneration committee with specific terms of reference no less exacting terms than the Code Provision and expects to be formed by the end of year 2006.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the Model Code throughout the review period.

By order of the Board
Yu Lai Si
Executive Director
and Chief Executive Officer

Hong Kong, 20th June 2006