

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by its directors. Based on specific enquiry of the directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by this interim report.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2006, the Company was in compliance with the code provision of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules on the Stock Exchange except the following:

(i) CODE PROVISION A.4.1

Pursuant to code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. However, the non-executive and independent non-executive directors are not appointed for specific terms as required, but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Articles of Association ("Articles") of the Company. In order to ensure compliance with the Code, the Company will arrange to fix the terms of offices of each of the non-executive and independent non-executive directors, subject to earlier determination and the re-election and rotational requirements in accordance with the Articles.

(ii) CODE PROVISION A.4.2

Pursuant to code provision A.4.2 of the Code, all directors of a listed company appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their respective appointments. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. A special resolution was passed to amend the relevant provisions of the Articles on 23 August 2006 and the Articles was then consistent with code provision A.4.2 of the Code.

(iii) CODE PROVISION B.1.3(b)

Pursuant to code provision B.1.3(b) of the Code, the Remuneration Committee should have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management and make recommendations to the Board of the remuneration of non-executive directors. However, a salaried executive director was appointed and his remuneration was mutually agreed between the Chairman of the Board and that executive director. To ensure compliance with the Code, Remuneration Committee meeting will be held to determine remuneration packages of that executive director and any newly appointed directors in the future.

(iv) CODE PROVISION E.1.2

Pursuant to code provision E.1.2 of the Code, the Chairman of the board and the Chairman of the audit, remuneration and nomination committees should attend the annual general meeting. However, the Chairman of the board was absent from the annual general meeting held on 23 August 2006 due to business matters.