

Notes:

- (a) All share options granted are subject to a vesting period and becoming exercisable in the following manner:

From the date of grant of share options	Exercisable percentage
	%
Within 12 months	Nil
13th – 36th	33 ¹ / ₃
25th – 48th	33 ¹ / ₃
37th – 60th	33 ¹ / ₃

The unexercised share options of each exercise period shall lapse at the end of respective exercise period.

- (b) The price of the shares disclosed as immediately preceding the grant date of the share options is the closing price of the shares on the Stock Exchange on the trading day immediately prior to the date of the grant of the share options.
- (c) The weighted average closing price of the shares immediately before the date on which the options were exercised.
- (d) The fair value of options granted under the Share Option Scheme on 16 March 2006 and 26 April 2006, measured at the date of grant, were approximately HK\$5,346,000 and HK\$1,400,000 respectively. The following significant assumptions were used to derive the fair values, using the Black-Scholes option pricing model:

Date of grant	16 March 2006	26 April 2006
Expected volatility	56.10%	55.13%
Expected life (in years)	2	2
Risk-free interest rate	4.62%	4.99%
Expected dividend yield	Nil	Nil

In total, HK\$843,250 of employee compensation expense has been included in the consolidated income statement for the six months ended 30 June 2006 (2005: Nil) with a corresponding credit in equity.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices of the Listing Rules during the six months ended 30 June 2006 with the exception that non-executive directors are not appointed for a specific term; the articles of association of the Company does not provide that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years and that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In view of good corporate governance practices, all non-executive directors have agreed to comply with the Listing Rules and that their term of appointment will be limited accordingly. Furthermore, every director of the Company, including those appointed for a specific term, voluntarily retires from office by rotation at least once every three years notwithstanding that the director is not required to do so by the articles of association.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by directors. In addition, the Board has established similar guidelines for relevant employees who are likely in possession of unpublished price sensitive information in relation to the Group or its securities.

All directors have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code regarding securities transactions by directors throughout the six months ended 30 June 2006.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2006.