

Corporate Governance

The Group is committed to standards of corporate governance. The Board believes that good governance is essential to achieving the Group's objectives of maximizing shareholders value and safeguarding the interests of the shareholders.

CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31st December, 2003 with the Code of Best Practice, 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").

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Wing Ting, Stephen and Dr. Lee Tat Yee are the independent non-executive directors of the Company. Mr. Liu is also the chairman of the Audit Committee. Mr. Liu is a fellow of both the Hong Kong Society of Accountants and the Chartered Association of Certified Accountants and has been practising as a certified public accountant for many years.

The independence (according to the interpretation in the Listing Rules) of the two independent non-executive directors is confirmed. The Company is going to appoint one more independent non-executive director in the coming months to fulfil the recent amendments to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (THE "MODEL CODE")

The Company adopted the Model Code (Appendix 10 of the Listing Rules) as its own code of conduct regarding securities transactions by directors.

All the directors declared that they had complied with the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee was established in 1998 to provide the Board an independent review of the financial reporting process and the effectiveness of the internal controls. Its authority and duties are set out in written terms of reference that are consistent with those recommended by the Hong Kong Society of Accountants.

The Audit Committee meets at least twice a year to receive reports from external auditors and reviews the interim and annual financial statements. The Audit Committee meets regularly with, and reviews and receives reports from, the Internal Audit Department.

The Audit Committee consists of three members, all of whom are non-executive directors and the majority is independent non-executive director. The members of the Audit Committee are: Mr. Liu Wing Ting, Stephen, Mr. Chan Chun Sing, Colin and Dr. Lee Tat Yee. Mr. Liu is the chairman of the Audit Committee.