

The board of directors of the Company (the “Board”) is committed to maintaining and ensuring high standards of corporate governance and will continuously review and improve the corporate governance practices and standards of the Group to ensure that business activities and decision making processes are regulated in a proper and prudent manner. This report highlights the major corporate governance practices of the Group during the year ended 31st December, 2004.

THE BOARD

The Board is led by the Chairman and currently comprises four executive directors (one of whom is the Chairman) and three independent non-executive directors (“INEDs”).

The Company has received from each INED a confirmation of his independence. The Board considers that each INED is independent in character and judgment and that they all meet the specific independence criteria as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)(the “Listing Rules”).

In March 2004, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code for securities transactions by directors. All members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the year.

AUDIT COMMITTEE

The Board set up the Audit Committee in 2000 and its members include:

Mr Lau Siu Ki, Kevin – Committee Chairman
Mr Kwok Lam Kwong, Larry, J.P.
Mr Lam Chi Kuen, Frank

All Audit Committee members are INEDs. The written terms of reference which describe the authority and duties of the Audit Committee were revised in March 2004 with reference to “A Guide for Effective Audit Committees” published by the Hong Kong Society of Accountants (now known as “Hong Kong Institute of Certified Public Accountants”) in February 2002.

CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules in force prior to 1st January, 2005 except that the INEDs were not appointed for a specific term. The INEDs are subject to retirement by rotation in accordance with the provisions of the Company’s Bye-laws.

LOOKING FORWARD

The Group will keep on reviewing its corporate governance on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the Code on Corporate Governance Practices introduced by the Stock Exchange.