

## BOARD OF DIRECTORS

### Composition and Appointment

The Board for the second term was elected at the annual general meeting on 12 June 2002, comprised of nine directors. The term of office of the Board will be ended on the date of the annual general meeting in 2005. The list of directors and their respective biographies are set out on pages 20 to 22.

### Independence of the Board

Two executive directors of the Company Mr. Wang Zhanbin and Mr. Wang Jiadong take up the post of Chairman of the Board and General Manager, respectively. The Chairman's responsibilities are convening meeting of the Board and promoting corporate governance of the Company. The General Manager's responsibilities are to participate in the decision on essential matters of the Company and to manage daily business of the Company. The roles and responsibilities of them are distinct.

Records of Attendance at Board Meetings:

Board Members	Attendance at Board Meetings	Remarks
Wang Zhanbin (Chairman)	4/4	
Wang Jiadong	4/4	Appointed on 18 March 2003
Kwong Che Keung, Gordon	4/4	
Moses Cheng Mo Chi	3/4	
Long Tao	4/4	
Chen Guoxing	3/4	Appointed on 18 March 2003
Wang Zengyi	3/4	Appointed on 18 March 2003
Zheng Hui	3/4	Appointed on 18 March 2003
Dominique Pannier	4/4	

To exercise their duties including discussing and making the decisions on strategic development of the Company, material operational matters and finance matters and other matters under the Articles of Association, the Board held four meetings in 2004 and the average attendance rate was 88.9%.

## AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive directors of the Company. Mr. Long Tao is the Chairman. The duties of the Audit Committee are as follows:

- (1) to consider the appointment of the external auditors, the audit fees and any issues relating to their resignation or dismissal;
- (2) to discuss with the external auditors, before the audit starts, on the nature and scope of the audit, and to ensure the co-ordination between the firms of auditors if there are more than one firms involved; and
- (3) to review the interim and annual financial statements before they are submitted to the Board.

The attendance at the Audit Committee meetings in 2004 was as follows:

Committee Member	Attendance at Meetings
Long Tao (Chairman)	2/3
Moses Cheng Mo Chi	2/3
Kwong Che Keung, Gordon	3/3

Three meetings of the Audit Committee were held in 2004 and the average attendance rate was 77.8%.

On 16 March 2005, the Audit Committee reviewed the status of the Group's audit, internal controls and the audited financial statements for the year ended 31 December 2004 prior to the Board meeting.

## CODE OF BEST PRACTICE AND OTHER CORPORATE GOVERNANCE PRACTICE

Throughout the year ended 31 December 2004, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

In January 2004, the Hong Kong Stock Exchange distributed "Exposure of Draft Code on Corporate Governance Practices and Corporate Governance Report", which indicated the direction of Corporate Governance in Hong Kong

Considering the amendments of the Listing Rules in 2004 and the direction of Corporate Governance, the Board took a series of steps to promote the level of Corporate Governance of the Company, including amending the Articles of Association in order to add the frequency of the Board meeting and ensure directors having enough time to consider the materials, arranging the training on regulations and rules applicable to listed companies by external specialists.

The Company is actively recruiting an accountant who possesses the qualifications stipulated by Rule 3.24 of the Listing Rules. The Company hopes to complete such recruitment in the near term.

The Company has adopted “the Model Code for Securities Transaction by Directors and Staff” (“Model Code”) for securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of listed issuers as set out in Appendix 10 to the Listing Rules.

Following specific enquiry made with the directors of the Company, the Company has confirmed that each of its directors has complied with the required standard set out in the Model Code regarding securities transactions by directors.

## INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

### Emoluments of Directors and Supervisors and the Five Highest Paid Individuals

Details of emoluments of directors, supervisors and the five highest paid individuals during the financial year are set out in note 9 to the financial statements.

### Directors’ Supervisors’ and Chief Executive’s Interests in the Shares of the Company

As at 31 December 2004, none of the directors, supervisors or chief executive of the Company had any interests or short positions in any shares, any underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) which was required to be (a) recorded in the register of the Company required to be kept by the Company under section 352 of the SFO; or (b) notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

During the year ended 31 December 2004, none of the directors, supervisors, or chief executive of the Company or their associates had been granted the right to subscribe for any equity or debentures of the Group, nor had any of them exercised such rights during the same period.

### Directors’ and Supervisors’ Interests in Contracts

During the year ended 31 December 2004, none of the directors or supervisors was materially interested in any contracts or arrangements (other than service contracts / appoint letters) to which the Company or its subsidiaries or its jointly controlled entities was a party.

### Directors’ and Supervisors’ Interests in Competitive Business

During the year ended 31 December 2004, none of the directors or supervisors of the Company had any interest in any competitive business with the Company or its jointly controlled entities or its subsidiaries.