



CORPORATE GOVERNANCE REPORT

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 Company to ensure that business activities and decision-making processes are regulated in a proper and prudent manner.

THE BOARD

The Board is led by the Chairman and currently comprises of three executive directors including the Chairman and three independent non-executive directors.

The principal focus of the Board is on the overall strategic development of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations.

With a wide range of expertise and a balance of skills, the independent non-executive directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and audit committee work.

The independent non-executive directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules.

The Board meets regularly throughout the year to review the overall strategy and to monitor the operation as well as the financial performance of the Group.

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors with at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise.



CORPORATE GOVERNANCE REPORT

The Audit Committee of the Company comprises three members who are independent non-executive directors, one of them is a member of Hong Kong Institute of Certified Public Accountants. The Board considers that each member of Audit Committee has broad commercial experience and the Audit Committee is a mix of expertise in business, accounting and financial management. The Audit Committee meets regularly reviewing important accounting policies and supervising the Company's financial reporting process, risk management system; assisting the Board in reviewing and examining the effectiveness of the Company's financial reporting procedures and internal controls; ensuring compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, and internal rules and procedures approved by the Board.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the financial year ended 31 December 2004 in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

The financial statements for the year ended 31 December 2004 have been reviewed by the Audit Committee of the Company.