

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality board, sound internal control, transparency and accountability to all shareholders.

The Code of Best Practice set out in Appendix 14 to the Listing Rules was replaced by the CG Code which has become effective for accounting periods commencing on or after 1 January 2005. Throughout the financial period under review, the Group has complied with the code provisions of the CG Code unless otherwise stated which in the opinion of the Board are not appropriate to follow.

## BOARD COMPOSITION AND BOARD PRACTICES

The Board is mandated with promoting the success of the Company by providing leadership and supervising control of the Group's businesses.

The Board comprises two Executive Directors who are also the Executive Co-chairmen of the Company and four Independent Non-executive Directors. The Board, led by two Executive Co-chairmen, is responsible for the approval and monitoring of the Group's overall strategies and policies, approval of annual budgets and business plans; evaluating the performance of the Group; and oversight of management. The Chairmen ensure the Board works effectively and discharges its responsibilities. All Directors (including Independent Non-executive Directors) have been consulted on all major and material matters of the Company. With the support of the Company Secretary, the Chairmen seek to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Board opines that due to the scale of its operation, it is not necessary to appoint a Chief Executive Officer and daily operation of the Group is delegated to management, department heads and various committees.

Under the Listing Rules, every listed issuer is required to have at least three Independent Non-executive Directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The number of Independent Non-executive Directors has exceeded the minimum requirements of the Listing Rules and represented more than one-third of the total board members. Further, more than one of them have appropriate professional qualifications in accounting or related financial management expertise.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. Review will be made regularly on the Board composition to ensure it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The biographical details of the Directors are set out on pages 3 to 5.

All the Independent Non-executive Directors have contracts with the Company for a specified period of two years subject to retirement and rotation at the General Meeting of the Company in accordance with the Company's Bye-Laws and the CG Code.

The Board has scheduled quarterly meetings per year and meets more frequently as and when required. During the financial year ended 31 December 2005, seventeen Board meetings were held. The attendance of individual directors to the Board meeting in year 2005 is summarised below.

Directors	Meetings Attended/Held Board of Directors
<b>Executive Directors</b>	
Mr. Fung Ka Pun	17/17
Dato' Wong Sin Just	17/17
<b>Independent Non-Executive Directors</b>	
Mr. Ongpin Roberto V.	0/17
Mr. Chung Cho Yee, Mico	2/17
Dr. Hui Ka Wah, Ronnie	4/17
Mr. Ho Kwan Tat	6/17

The Company Secretary keeps the Board Minutes of the Company for inspection by the Directors. The Board has arranged appropriate insurance cover for the directors and officers of the Group to protect them from the risk exposure arising from the businesses of the Group.

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. Based on specific enquiry of all the directors of the Company, the directors have complied with the required standard as set out in the Model Code for the year ended 31 December 2005.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. With the assistance of the Finance Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group is in a timely manner.

The Statement of the Auditors of the Company regarding their reporting responsibilities on the financial statements is set out in the Report of the Auditors on page 27.

## AUDIT COMMITTEE

The Company has established an Audit Committee with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of the Audit Committee are consistent with the provisions set out in the relevant section of the CG Code and are available on the Company's website.

The Audit Committee comprises three Independent Non-executive Directors of the Company, namely Mr. Chung Cho Yee, Mico, Mr. Ho Kwan Tat and Dr. Hui Ka Wah, Ronnie. Mr. Ho Kwan Tat, the chairman of the committee, possesses a professional accountancy qualification and has substantial experience in accounting and financial matters. In fact, all members of the committee have diversified professional experience in accounting and/or finance.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, financial statements and internal control procedures. It also acts as an important link between the Board and the Company's auditors in matters within the scope of the group audit. Two meetings were held during the financial year ended 31 December 2005.

The Group's interim report for the six months ended 30 June 2005 and the annual report for the year ended 31 December 2005 have been reviewed by the Audit Committee, and with recommendation to the Board for approval.

## REMUNERATION COMMITTEE

The Company has set up a Remuneration Committee ensuring that there are formal and transparent procedures for setting policies on the remuneration of the Directors. The committee is comprised of two Independent Non-executive Directors namely, Dr. Hui Ka Wah, Ronnie and Mr. Ho Kwan Tat in which Mr. Ho Kwan Tat is the chairman of the committee. Two meetings were held during the financial year ended 31 December 2005.

The terms of reference of the Remuneration Committee are consistent with the terms set out in the relevant section of the CG Code, and the terms of reference of the Remuneration Committee are available from the Company's website. No Director is involved in deciding his own remuneration.

## INVESTMENT COMMITTEE

The Investment Committee was set up to ensure that there are formal and transparent procedures for planning and approving investments for the Group. The committee is comprised of two Executive Directors namely Dato' Wong Sin Just and Mr. Fung Ka Pun. The Investment Committee meets on an ad hoc basis to review and approve various investment projects to be committed by the Group.

## NOMINATION COMMITTEE

The Company has a Nomination Committee to ensure fair and transparent procedures for the appointment, re-election and removal of directors to the Board. The Committee is comprised of two Independent Non-executive Directors namely, Dr. Hui Ka Wah, Ronnie and Mr. Ho Kwan Tat in which Dr. Hui Ka Wah, Ronnie is the chairman of the committee.

The Nomination Committee was established with a written terms of reference which include identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of Independent Non-executive Directors; and to make recommendations on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors.

## INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations.

## COMMUNICATION WITH SHAREHOLDERS

The Board adopts an open and transparent communication policy and encourages full disclosure to the public as a way to enhance corporate governance. The Board aims to provide our shareholders and the public with the necessary information for them to form their own judgement on the Company.

## AUDITORS' REMUNERATION

For the year ended 31 December 2005, the Auditors of the Company received approximately HK\$2,397,000 for audit service and HK\$83,000 for tax and consultancy services.