

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Save for the two deviations explained below, Singamas Container Holdings Limited (“Singamas”/ “the Company”) has fully complied with the Code on Corporate Governance Practices (“the Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“HKEx”) since the newly promulgated the Code became effective from 1st January, 2005.

The board of directors (“Board”) of the Company (“the Directors”) believes that appropriate corporate governance practices are essential for the Company to enhance its accountability and transparency so as to achieve a balance of the interests of shareholders, customers, employees and investment partners of the Company in all material respects. Accordingly, the Company aims at maintaining high standards of corporate governance practices.

The Company has applied the principles in the Code, except for two deviations, as outlined below:

Key Corporate Governance Principles and the Company’s Practices

A. Directors

A.1 The Board

Code Principle

An issuer should be headed by an effective board which should assume responsibility for leadership and control of the issuer and be collectively responsible for promoting the success of the issuer by directing and supervising the issuer’s affairs. Directors should take decisions objectively in the interests of the issuer.

Governance Procedures of the Company against the Code Provisions

The Company is headed by an effective Board comprising nine Directors. Taking into account the nature and scope of the Company’s operations, the Board size is appropriate. The Board consists of high calibre members with a wealth of knowledge, expertise and experience. The Board members contribute valuable direction and insight, drawing from their vast experience in matters relating to accounting, finance, banking, business, management and general corporate matters. Please refer to the brief biographical details of the Directors set out on pages 18 to 19 of this Annual Report.

The Board acts in the best interests of the Company. The Directors exercise their due diligence in the performance of their duties. Apart from its statutory and fiduciary responsibilities, the Board reviews the financial performance of the Group and approves and monitors the Group’s strategic plans, major investments, funding proposals and risk management policies. The Board is also responsible for monitoring managerial performance, achieving adequate return for the shareholders each year, and promoting good corporate governance by reviewing the recommendations made from audit committee (“Audit Committee”) and remuneration committee (“Remuneration Committee”) of the Company.

Corporate Governance Report (Continued)

The Company's articles of association ("Articles") provides that if a director has a conflict of interest in a material matter, such director must abstain from voting and not be counted in quorum. Therefore, the full board meeting will be held instead of by way of circulation.

Code Provisions	Alignment?	Governance Procedures of the Company																										
<ul style="list-style-type: none"> At least four board meetings a year. 	Yes	<ul style="list-style-type: none"> The Board met four times in 2005. Attendance records of the Directors in 2005: <table style="margin-left: 20px;"> <thead> <tr> <th colspan="2" style="text-align: right;">Attendance (%)</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>Chang Yun Chung (also known as Teo Woon Tiong)</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Teo Siong Seng</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Hsueh Chao En</td> <td style="text-align: right;">75</td> </tr> <tr> <td>Jin Xu Chu</td> <td style="text-align: right;">75</td> </tr> <tr> <td>Teo Tiou Seng</td> <td style="text-align: right;">100</td> </tr> <tr> <td colspan="2">Non-executive Directors</td> </tr> <tr> <td>Kuan Kim Kin</td> <td style="text-align: right;">100</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>Ngan Man Kit, Alexander</td> <td style="text-align: right;">50</td> </tr> <tr> <td>Ong Ka Thai</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Soh Kim Soon</td> <td style="text-align: right;">100</td> </tr> </tbody> </table> 	Attendance (%)		Executive Directors		Chang Yun Chung (also known as Teo Woon Tiong)	100	Teo Siong Seng	100	Hsueh Chao En	75	Jin Xu Chu	75	Teo Tiou Seng	100	Non-executive Directors		Kuan Kim Kin	100	Independent Non-executive Directors		Ngan Man Kit, Alexander	50	Ong Ka Thai	100	Soh Kim Soon	100
Attendance (%)																												
Executive Directors																												
Chang Yun Chung (also known as Teo Woon Tiong)	100																											
Teo Siong Seng	100																											
Hsueh Chao En	75																											
Jin Xu Chu	75																											
Teo Tiou Seng	100																											
Non-executive Directors																												
Kuan Kim Kin	100																											
Independent Non-executive Directors																												
Ngan Man Kit, Alexander	50																											
Ong Ka Thai	100																											
Soh Kim Soon	100																											
<ul style="list-style-type: none"> Directors are given an opportunity to include matters in the agenda for regular board meetings. 	Yes	<ul style="list-style-type: none"> Directors are consulted to include any matters in the agenda for regular Board meetings. 																										
<ul style="list-style-type: none"> Notice of at least 14 days should be given of a regular board meeting. 	Yes	<ul style="list-style-type: none"> The Company normally gives notice and draft agenda of regular Board meetings at least 14 days in advance. 																										
<ul style="list-style-type: none"> Directors should have access to the advice and service of the company secretary. 	Yes	<ul style="list-style-type: none"> All Directors have access to the Company Secretary who is responsible for ensuring that the Board procedures are complied with and all applicable rules and regulations are followed. 																										
<ul style="list-style-type: none"> Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary and open for inspection. 	Yes	<ul style="list-style-type: none"> The Company Secretary is responsible for taking minutes of the Board and Audit Committee meetings. Another duly appointed secretary is responsible for taking minutes of Remuneration Committee meetings. All draft minutes are sent to Directors or committee members for review and comment within a reasonable time (generally within one month after each meeting) with the final version to be sent to Directors soonest thereafter. The minutes are made available for inspection by Directors or committee members at the Company's registered office. 																										
<ul style="list-style-type: none"> Draft and final versions of minutes are sent to all directors for comments within a reasonable time. 																												

Corporate Governance Report (Continued)

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Agreed procedures for directors to seek independent professional advice at the issuer's expense. 	Yes	<ul style="list-style-type: none"> Directors have free access to the legal counsel of the Company and if needed and upon request, Directors are allowed to seek independent professional advice at the Company's expenses.
<ul style="list-style-type: none"> If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, board meeting should be held. Such director must abstain from voting and not be counted in quorum. 	Yes	<ul style="list-style-type: none"> The Company has formulated and implemented guidelines for such matters that require board meetings to be held instead of by way of circulation. The Company's Articles provide for voting and quorum requirements conforming with Code requirements.
Recommended Best Practice	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Insurance cover in respect of legal action against directors. 	Yes	<ul style="list-style-type: none"> There is in place a Directors' & Officers' Liabilities Insurance cover.
<ul style="list-style-type: none"> Board committees should adopt broadly the same principles and procedures. 	Yes	<ul style="list-style-type: none"> Board committees adopt broadly the same principles and procedures as stated above.

A.2 Chairman and Chief Executive Officer

Code Principle

There should be a clear division of responsibilities at the board level - separate offices of chairman and chief executive officer to ensure a balance of power and authority.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between chairman and chief executive officer should be clearly established in writing. 	Yes	<ul style="list-style-type: none"> Chang Yun Chung serves as the Chairman and Teo Siong Seng serves as the President and Chief Executive Officer of the Company. The Chairman focuses on Board issues and the Group's overall strategies. The President and Chief Executive Officer has overall responsibility for the daily operations and general development of the Group.
<ul style="list-style-type: none"> The chairman should ensure all directors be briefed on issues arising at board meetings. 	Yes	<ul style="list-style-type: none"> Assisted by the Company Secretary, the Chairman has a clear responsibility to provide the whole Board with all the information that is relevant to the discharge of the Board's responsibilities through the issue of Board papers, etc. normally about one week in advance of the Board meeting.
<ul style="list-style-type: none"> The chairman should be responsible for ensuring that directors receive adequate information in a timely manner. 		

Corporate Governance Report (Continued)

Recommended Best Practice	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. 	Yes	<ul style="list-style-type: none"> The agenda of Board meetings is finalised by the Chairman in consultation with Executive Directors and Company Secretary after taking into consideration any matters proposed by the non-executive Directors (including independent non-executive Directors).
<ul style="list-style-type: none"> The chairman should take responsibility for ensuring that good corporate governance practices and procedures are established. 	Yes	<ul style="list-style-type: none"> The Chairman takes a key role in developing corporate governance procedures in the Company.
<ul style="list-style-type: none"> The chairman should encourage all directors to make a full and active contribution to the board's affairs. 	Yes	<ul style="list-style-type: none"> The Chairman meets with the Directors regularly to discuss various matters of the Group and encourages the Directors to express their views concerning the management of the Group.

A.3 Board Composition

Code Principle

The board should have a balance of skills and experience appropriate for the requirements of the business of the issuer. The board should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that independent judgment can effectively be exercised. Non-executive directors should be of sufficient calibre and number for their views to carry weight.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Independent non-executive directors should be expressly identified in all corporate communications. 	Yes	<ul style="list-style-type: none"> Composition of the Board, by category of Directors, is disclosed in all corporate communications.
Recommended Best Practice	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Independent non-executive directors should represent at least one-third of the board. 	Yes	<ul style="list-style-type: none"> The Board comprises three independent non-executive Directors representing one-third of the full Board.
<ul style="list-style-type: none"> An issuer should maintain on its website an updated list of its directors identifying their role and function and whether they are independent non-executive directors. 	Yes	<ul style="list-style-type: none"> An updated list of Directors with their role and function is maintained on the website of the Company.

Corporate Governance Report (Continued)

A.4 Appointments, Re-Election and Removal

Code Principle

There should be a formal, considered and transparent procedure for the appointment of new directors to the board. There should be plans in place for orderly succession for appointments to the board. All directors should be subject to re-election at regular intervals. Resignation or removal of any director should be explained.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Non-executive directors should be appointed for a specific term, subject to re-election. All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. 	Partial Alignment	<ul style="list-style-type: none"> Non-executive Directors are appointed for one year but subject to re-election at the annual general meeting under the Company's Articles. Under the Company's Articles, every Director, other than the Managing Director who shall be subject to retirement at least once every three years, shall retire from office at the annual general meeting in every year but shall be eligible for re-election. Deviation: <ul style="list-style-type: none"> Under the Company's existing Articles, new Directors (including those appointed to fill a casual vacancy) are required to submit themselves for re-election at the first annual general meeting following their appointment. In order to ensure full compliance with the Code Provision, the Company intends to amend its Articles in the forthcoming annual general meeting which requires that any Director appointed by the Board to fill a casual vacancy should be subject to election by shareholders at the first general meeting of the Company after such Director's appointment.
Recommended Best Practice	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Election of an independent non-executive director serving for more than nine years should be subject to a separate resolution to be approved by shareholders and the board should provide explanatory statement with information on his independence to shareholders. Where the board proposes a resolution to elect an individual as independent non-executive director at the general meeting, explanatory statement with information on his independence should be provided to shareholders. 	Yes	<ul style="list-style-type: none"> The Company's circular of its annual general meeting contained detailed information on election of Directors, including detailed biographies, interests, and (where appropriate) independence of all Directors standing for re-election. Each of the independent non-executive Directors has confirmed their independence on 20th March, 2006.

Corporate Governance Report (Continued)

A.5 Responsibilities of Directors

Code Principle

Every director is required to keep abreast of his responsibilities as a director of an issuer and of the conduct, business activities and development of that issuer. Non-executive directors have the same duties of care and skill and fiduciary duties as executive directors.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Every newly appointed director should receive a comprehensive, formal and tailored induction on the first occasion of his appointment to ensure that he has a proper understanding of the operations and business of the issuer and that he is fully aware of his responsibilities under statute and common laws, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the issuer. 	Yes	<ul style="list-style-type: none"> On appointment, new Directors are given a comprehensive briefing and related materials of the Group's business activities, induction into their responsibilities and duties, and other regulatory requirements. All Directors, including non-executive Directors, are regularly provided with comprehensive reports on the management's strategic plans, updates on lines of business, financial information, etc. The Company Secretary is responsible for keeping all Directors updated on Listing Rules and other statutory requirements.
<ul style="list-style-type: none"> Functions of non-executive directors should include: <ul style="list-style-type: none"> bring an independent judgement at the board meeting; take the lead where potential conflicts of interests arise; serve on the audit, remuneration, nomination and other governance committees, if invited; and scrutinise the issuer's performance. 	Yes	<ul style="list-style-type: none"> Non-executive Directors are well aware of their functions and have been actively performing their functions. On an on-going basis, Directors review with management in respect of the Group's strategic development and direction and emerging risks and opportunities available to the Group. There has been satisfactory attendance for Board and Board committee meetings in 2005.
<ul style="list-style-type: none"> Directors should ensure that they can give sufficient time and attention to the affairs of the issuer. 		
<ul style="list-style-type: none"> Directors must comply with their obligations under the Model Code set out in Appendix 10. 	Yes	<ul style="list-style-type: none"> The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of the Directors, all of the Directors have complied with, for any part of the accounting period covered by this report, the required standard set out in the Model Code and its code of conduct regarding directors' securities transaction.

Corporate Governance Report (Continued)

Recommended Best Practice	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Directors should disclose to the issuer at the time of his appointment, and on a periodic basis, the number and nature of offices held in public companies or organisations and other significant commitments. 	Yes	<ul style="list-style-type: none"> Directors disclose their other directorships to the Company at least once a year.
<ul style="list-style-type: none"> Directors should ensure regular attendance and active participation of board, board committee and general meetings. 	Yes	<ul style="list-style-type: none"> There has been satisfactory attendance for Board, Board committee and general meetings in 2005.
<ul style="list-style-type: none"> Non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments. 	Yes	<ul style="list-style-type: none"> Details on roles and functioning of non-executive Directors are set out above.

A.6 Supply of and Access to Information

Code Principle

Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities as directors of an issuer.

Governance Procedures of the Company against the Code Provisions

The monthly management accounts are provided to the executive members of the Board by the Management. Board papers are sent to the Directors about one week before each Board meeting.

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> An agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting. 	Yes	<ul style="list-style-type: none"> An agenda and accompanying Board papers are sent to Directors about one week before the date of Board/committee meeting.
<ul style="list-style-type: none"> Management has an obligation to supply the board and its committees with adequate information in a timely manner. Where any director requires more information than is volunteered by management, he should make further enquiries where necessary. The board and each director should have separate and independent access to the issuer's senior management. 	Yes	<ul style="list-style-type: none"> Senior management are from time to time brought into formal and informal contact with the Board at Board meetings and other events. Relevant information is being given to the Board upon request.
<ul style="list-style-type: none"> Directors are entitled to have access to board papers and related materials. Steps must be taken to respond as promptly and fully as possible to director queries. 	Yes	<ul style="list-style-type: none"> Board papers and minutes are made available for inspection by Directors and Committee members. Senior management of the Company has taken appropriate steps to respond promptly and fully to any queries raised by Directors.

Corporate Governance Report (Continued)

B. Remuneration of Directors and Senior Management

B.1 The Level and Make-up of Remuneration and Disclosure

Code Principle

An issuer should disclose information relating to its directors' remuneration policy and other remuneration related matters. A formal and transparent procedure for setting policy on executive directors' remuneration and for fixing the remuneration packages for all directors should be established. No director should be involved in deciding his own remuneration.

Governance Procedures of the Company against the Code Provisions

The Board has established Remuneration Committee to make recommendation on the Company's remuneration policy and structure for all remuneration of Directors and senior management. No Director and senior management can determine his own remuneration.

In 2005, the Remuneration Committee met once and attendance of individual member at Remuneration Committee meeting in the year is summarised below:

	Attendance (%)
Committee members	
Ngan Man Kit, Alexander (<i>Chairman</i>)	100
Ong Ka Thai	100
Kuan Kim Kin	100

Details of each Director's remuneration for the year under review are set out on page 88 of this Annual Report.

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Issuer should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors. 	Yes	<ul style="list-style-type: none"> The Company established the Remuneration Committee in 2005. Members of the Committee are: Independent Non-executive Directors: Ngan Man Kit, Alexander (<i>Chairman</i>) Ong Ka Thai Non-executive Director: Kuan Kim Kin Full terms of reference are available on the Company's website (www.singamas.com). Each Committee member is given a copy of the full terms of reference.
<ul style="list-style-type: none"> Terms of reference of remuneration committee should include, as a minimum, certain specific duties as set out in Code Provision B.1.3 of Appendix 14 to the Listing Rules. 		
<ul style="list-style-type: none"> The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board. 		

Corporate Governance Report (Continued)

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> The remuneration committee should consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary. 	Yes	<ul style="list-style-type: none"> Meetings have been held between the Committee Chairman and the Board Chairman and/or Chief Executive Officer to discuss the various matters concerning the remuneration and related policy of Executive Directors and senior management.
Recommended Best Practice	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance. 	Yes	<ul style="list-style-type: none"> Details of remuneration of Directors are disclosed on an individual basis. A performance-based element has been built into top management compensation.

C. Accountability and Audit

C.1 Financial Reporting

Code Principle

The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Management to provide explanation and information to the board as to enable the board to make an informed assessment of the financial and other information put before the board for approval. 	Yes	<ul style="list-style-type: none"> Board paper with full details and explanation is provided to the Directors in advance, enabling them to make informed assessment of the underlying transaction which is subject to the Board's approval.
<ul style="list-style-type: none"> Directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts; a statement by the auditors regarding reporting responsibilities in auditors' report. 	Yes	<ul style="list-style-type: none"> A statement of director responsibilities for Financial Statements is set out in this Annual Report. The Auditors' Report states auditors' reporting responsibilities.
<ul style="list-style-type: none"> The board's responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, price-sensitive announcements, other price-sensitive announcements and other financial disclosure required under the Listing Rules and statutory requirements. 	Yes	<ul style="list-style-type: none"> The Board aims to present a comprehensive, balanced, clear and understandable assessment of the Group's position and prospects in all shareholder communications.

Corporate Governance Report (Continued)

C.2 Internal Controls

Code Principle

The board should ensure that the issuer maintains sound and effective internal controls to safeguard the shareholders' investment and the issuer's assets.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none">The directors should at least annually conduct a review of the effectiveness of the system of internal control of the issuer and its subsidiaries.	Yes	<ul style="list-style-type: none">The Board has overall responsibility for the system of internal controls and for reviewing its effectiveness.The Company appointed two external accounting firms to act as internal auditors for the Company by conducting internal audit on selected operating units of the Group. These appointed internal auditors report directly to the Audit Committee. The Audit Committee, in return, communicates any material issues to the full Board.Management regularly reviews the effectiveness of the risk management and system of internal controls and compliance with best practices.

C.3 Audit Committee

Code Principle

The board should establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors. The audit committee established by an issuer pursuant to the Listing Rules should have clear terms of reference.

Governance Procedures of the Company against the Code Provisions

The Board has established the Audit Committee to investigate any activity within its terms of reference and make recommendation to the Board for any necessary improvement.

The members of Audit Committee include two independent non-executive Directors, namely, Mr. Ong Ka Thai (*Chairman*) and Mr. Soh Kim Soon, and a non-executive Directors, namely, Mr. Kuan Kim Kin.

The Chairman of Audit Committee reports the findings and recommendations to the Board after each meeting. The Committee met three times during this year under review.

Corporate Governance Report (Continued)

The details of Audit Committee members' attendance in 2005 are as follows:

	Attendance (%)
Committee members	
Ong Ka Thai (<i>Chairman</i>)	100
Kuan Kim Kin	100
Soh Kim Soon	100

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes of audit committee meetings should be sent to all members of the committee for their comment and records respectively within a reasonable time after the meeting. 	Yes	<ul style="list-style-type: none"> The Company Secretary is also the secretary of the Audit Committee who keeps full minutes of all Audit Committee meetings. Draft version of minutes is sent to Audit Committee members for comment normally within one month from the date of the meeting. Final version of minutes is sent to the Audit Committee members for their records as soon as the related draft is finalised.
<ul style="list-style-type: none"> A former partner of the issuer's existing auditing firm should be prohibited from acting as a member of the issuer's audit committee. 	Yes	<ul style="list-style-type: none"> None of the three Audit Committee members is a former partner of the Company's existing external auditors.
<ul style="list-style-type: none"> The terms of reference of the audit committee should include at least the certain duties as prescribed in Code Provision C.3.3 of Appendix 14 to the Listing Rules. 	Yes	<ul style="list-style-type: none"> Full terms of reference are available on the Company's website (www.singamas.com) and a copy of the terms of reference is given to each member of the Audit Committee.
<ul style="list-style-type: none"> The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board. 		
<ul style="list-style-type: none"> Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the issuer should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view. 	Yes	<ul style="list-style-type: none"> Since the establishment of Audit Committee in 1998, there had not been any disagreement between the Audit Committee and the Board in respect of the selection, appointment, resignation or dismissal of the external auditors.
<ul style="list-style-type: none"> The audit committee should be provided with sufficient resources to discharge its duties. 	Yes	<ul style="list-style-type: none"> Sufficient resources, including obtaining outside professional advice or assistance, are provided to the Audit Committee.

Corporate Governance Report (Continued)

D. Delegation by the Board

D.1 Management Functions

Code Principle

The issuer should have a formal schedule of matters specifically reserved to the board for its decision. The board should give clear directions to management as to the matters that must be approved by the board before decisions are made on behalf of the issuer.

Governance Procedures of the Company against the Code Provisions

Certain matters are specifically reserved to the Board for decision under the Company's internal guidelines and financial authority limits structure. Board approval is specifically required for material transactions such as acquisitions and disposals of assets of the Group. The management is generally responsible for the implementation of daily operations subject to the Board's decision generally or specifically.

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the powers of management, including circumstances where management should obtain prior approval from the board. 	Yes	<ul style="list-style-type: none"> Internal guidelines have been formulated in respect to those matters reserved for the Board and functions or authorities delegated to management.
<ul style="list-style-type: none"> An issuer should formalise the functions reserved to the board and those delegated to management. 		

D.2 Board Committees

Code Principle

Board committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Board should prescribe sufficiently clear terms of reference to enable proper discharge of committee functions. 	Yes	<ul style="list-style-type: none"> The Board has established the Audit Committee and Remuneration Committee with specific terms of reference.
<ul style="list-style-type: none"> The terms of reference should require committees to report their decisions to the board. 	Yes	<ul style="list-style-type: none"> Board Committees report to the Board their work and findings they have performed during the period in each Board meeting. Minutes of each Committee meeting are also circulated to the Directors for their information.

Corporate Governance Report (Continued)

E. Communication with Shareholders

E.1 Effective Communication

Code Principle

The board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> In respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. 	Yes	<ul style="list-style-type: none"> Separate resolutions are proposed on each substantially separate issue at general meetings.
<ul style="list-style-type: none"> The chairman of the board should attend the annual general meeting and arrange for the chairmen of board committees or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. Chairman of independent board committee should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. 	Yes	<ul style="list-style-type: none"> The Board Chairman and each chairman of the Audit Committee and Remuneration Committee will be attending the forthcoming annual general meeting of the Company.

Corporate Governance Report (Continued)

E.2 Voting by Poll

Code Principle

The issuer should regularly inform shareholders of the procedures for voting by poll and ensure compliance with the requirement about voting by poll contained in the Listing Rules and the constitutional documents of the issuer.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
<ul style="list-style-type: none"> Disclosure in general meeting circulars of procedures and rights of shareholders to demand a poll in compliance with the requirements about voting by poll contained in rule 13.39(4). In particular, pursuant to rule 13.39(3), chairman of a meeting and/or directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting shall demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies. 	Partial Alignment	<ul style="list-style-type: none"> Procedures for demanding a poll were set out in the circular accompanying the notice of 2005 annual general meeting and also in circulars of other general meetings. These procedures were also explained during the 2005 annual general meeting and other general meetings proceedings. A representative of the Company (for the 2005 annual general meeting) and Share Registrar (for other general meetings) was appointed as scrutineer. Poll results, if applicable, were published in major Hong Kong newspapers on the business day following the meeting and posted on the websites of HKEx and the Company. Deviation: <ul style="list-style-type: none"> According to the existing Articles of the Company, a poll may be demanded: <ol style="list-style-type: none"> by the chairman; or by not less than three members having the right to vote at the meeting; or by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or by a member or member holding shares conferring a right to vote on the resolution on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the share conferring that right. Under the existing Articles, no provision has been provided for allowing Directors holding proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting to demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies. The Company intends to amend its Articles to be in line with this Code Provision in the forthcoming annual general meeting.
<ul style="list-style-type: none"> The issuer should ensure that votes cast are properly counted and recorded. 		
<ul style="list-style-type: none"> Chairman of meeting should adequately explain the poll procedures at commencement of meeting. 		

Corporate Governance Report (Continued)

NOMINATION OF DIRECTORS

The Company does not have a nomination committee but will consider setting up one at an appropriate time. Currently all new appointments and re-appointments to the Board are subject to the concurrence of all Board members whose deliberations are based on the following criteria:

- Integrity
- Independent mindedness
- Possess core competencies that meet the current needs of the Company and complement the skills and competencies of the existing Directors on the Board
- Able to commit time and effort to carry out duties and responsibilities effectively
- A good track record of experience at a senior level in corporations/organisations
- Financially literate

AUDITORS' REMUNERATION

The Company's Audit Committee has recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte Touche Tohmatsu be re-appointed as the external auditors for 2006.

During the year under review, the fees paid to the Company's external Hong Kong auditors for audit work amounted to HK\$2,300,000 and for non-audit and review activities amounted to HK\$174,000 (including HK\$150,000 for interim review and HK\$24,000 for tax review).

STATEMENT OF DIRECTOR RESPONSIBILITIES FOR FINANCIAL STATEMENTS

All Directors acknowledge that they are responsible for overseeing the preparation of financial statements of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31st December, 2005, the Directors have selected suitable accounting policies and applied them consistently, adopted of all new Hong Kong Financial Reporting Standards which are in conformity to the International Financial Reporting Standards, made judgements and estimates that are prudent and reasonable and prepared the accounts on the going concern basis.

Corporate Governance Report (Continued)

The Board, through the Audit Committee, has conducted annual reviews of the effectiveness of the system of internal control covering all controls, including financial, operational and compliance controls, broad-based risk management processes, and physical and information system security of selected operating units of the Company. No suspected frauds and irregularities, internal control deficiencies or suspected infringement of laws, rules and regulations have come to the Committee's attention to cause the Committee believe that the system of internal controls is inadequate. Save for the two deviations explained above, the Board, through the review of the Audit Committee, is satisfied that the Group has fully complied with the Code provisions on internal controls during the year under review.

INVESTOR RELATIONS

The Company always provides updated Group's performance information to all shareholders when it becomes available, through the publication of interim and annual reports, circulars, notices, media releases and so forth. The Company has made such information available on the Company's website (www.singamas.com) as well as on independent website providers (www.irasia.com and quamir.quamnet.com). This purpose is to provide our shareholders, including institutional shareholders an alternative channel to access the Group's performance easily and reach the potential shareholders globally.

Apart from providing a forum for Directors' dialogue with shareholders in the Company's general meetings during the year, the Company always continues to enhance shareholders communications including institutional shareholders communications by holding press and analyst conferences locally and overseas during any reporting period or year. The institutional shareholders may ask questions on the Company's operations or related financial information in such conferences and the Company would then have the opportunity explaining to them the latest status of the Group's development. This direct communication with shareholders or potential shareholders would let them aware of whether the standards and the manner that the Company conducts may meet their expectation. In addition, the Company has introduced a Frequently Asked Questions section in its Annual Report in recent years so as to provide our shareholders more clear and concise information that may be of common concern. Besides, the Company responds to letters and telephone enquiries from shareholders and potential shareholders throughout the year.