

THE BOARD OF DIRECTORS

The board of directors (the "Board") provides effective and responsible leadership for the company. The directors, individually and collectively, act in good faith in the best interests of the company and its shareholders. The company had adopted, for corporate governance purposes, the Code Provisions of in Code on Corporate Governance Practices (appendix 14 of the Listing Rules), The company is in compliance with the Code Provisions therein.

The Board comprises seven Executive Directors, one non-executive Director and three Independent Non-executive Directors. The Board has appointed the audit committee and the remuneration committee to oversee specific areas of the company's affairs. The composition of the Board and the committees are given below and their respective responsibilities are discussed later in this report.

Board of Directors

Audit Committee

Remuneration Committee

Executive Directors

Mr. Jiang Zhen Ying (*Chairman*)
(appointed on 22 March 2006)
Mr. Yang Shu Shan
(resigned on 22 March 2006)
Mr. Pan Xin Rong (*Deputy Chairman*)
Mr. Yang Dong (*Deputy Chairman*)
(appointed on 22 March 2006)
Mr. Zhu Jian Min
Mr. Zhou Feng
Mr. Ye Zhi Jun (*Managing Director*)
Mr. Ge Han Hua
(resigned on 6 December 2005)
Mr. Han Kun
(appointed on 6 December 2005)

Mr. Fong Chung, Mark (*Chairman*)
Mr. Wong Po Yan
Ms. Tam Wai Chu, Maria

Ms. Tam Wai Chu, Maria (*Chairlady*)
Mr. Jiang Zhen Ying
(appointed on 22 March 2006)
Mr. Yang Shu Shan
(resigned on 22 March 2006)
Mr. Wong Po Yan
Mr. Fong Chung, Mark
Mr. Ye Zhi Jun

Non-executive Director

Mr. Yang Mo Fei

Independent Non-executive Directors

Mr. Fong Chung, Mark (*Chairman*)
Mr. Wong Po Yan
Ms. Tam Wai Chu, Maria

The Board sets the Group's objectives and monitors its performance. The Board also decides on matters such as annual and interim results, notifiable and connected transactions, director appointments, and dividend and accounting policies. The Board has delegated the authority and responsibility of managing and overseeing the Group's day to day operations to a management comprising the two Executive Directors residing in Hong Kong and with department heads residing in the PRC.

The company secretary assists the management of the company in setting the agenda of Board meetings as instructed and each Director is invited to present any businesses that they wish to discuss or propose at the meetings. All Directors have timely access to all relevant information of the meetings and may take professional advice if necessary. The Company held eight (8) full Board meetings in 2005. Attendance of the full Board meetings are as follows:

Attendance	No. of meetings attended
Mr. Yang Shu Shan	4
Mr. Pan Xin Rong	4
Mr. Zhu Jian Min	3
Mr. Zhou Feng	8
Mr. Ye Zhi Jun	8
Mr. Ge Hanhua (resigned on 6 December 2005)	8
Mr Han Kun (appointed on 6 December 2005)	1
Mr. Yang Mo Fei	4
Mr. Wong Po Yan	8
Ms. Tam Wai Chu, Maria	8
Mr. Fong Chung, Mark	8

All independent non-executive directors are financially independent from the Company and any of its subsidiaries.

The Company confirmed with all independent non-executive directors as to their independence with reference to the factors as set out in Listing Rules 3.13.

The full Board participates in the selection and approval of new directors and has not established a Nomination Committee. The Independent Non-executive Directors are appointed for a specific term. Under the Bye-Laws of the Company, all the Directors are currently required to offer themselves for re-election by rotation at least once every three years. The Board takes into consideration criteria such as expertise, experience, integrity and commitment when selecting new directors. The Non-executive Director is appointed for a term of 3 years from 30 March 2004.

AUDIT COMMITTEE

The Audit Committee comprises all three Independent Non-executive Directors. It is responsible for accounting principles and practices, auditing, internal controls and legal and regulatory compliance of the Group. It also reviewed the interim and final results of the Group prior to recommending them to the Board for approval. It meets to review financial reporting and internal control matters and to this end has unrestricted access to the Company's auditors. The Committee is chaired by Mr. Fong Chung, Mark, a qualified accountant with extensive experience in financial reporting and control. In 2005, the Audit Committee held 2 meetings to review the annual results of the Group for the financial year ended 2004 and the interim results for financial year ended 2005 and had 100 percent attendance. The Company's annual results for the financial year ended 31 December 2005 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee reviews and approves the remunerations of Directors. To minimize any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion.

The main elements of the Company's remuneration policy are no individual should determine his or her own remuneration, and remuneration should reflect performance, complexity, position, duties and responsibility of the individual. The committee is chaired by Ms. Tam Wai Chu, Maria. In 2005, the Remuneration Committee held one meeting and had 100 percent attendance.

CHAIRMAN AND MANAGING DIRECTOR

The Company has a separate Chairman, Mr. Jiang Zhen Ying and Managing Director, Mr. Ye Zhi Jun. This segregation of duties ensures a clear distinction between the Chairman's responsibility to manage the Board and the Managing Director's responsibility to manage the Company's business.

AUDITORS' REMUNERATION

Auditors' remuneration in relation to statutory audit amounted to HK\$1 million (2004: HK\$1 million).

The following remuneration was paid by the Group to its principal auditor, KPMG:

<i>(in HK\$ millions)</i>	2005	2004
Statutory audit	\$1	\$1
Taxation services	\$0.04	\$0.04
Other advisory services	\$Nil	\$Nil
Total	\$1.04	\$1.04

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules. Following a specific enquiry, each of the Directors confirmed he complied with the code of conduct for transactions in the Company's securities throughout the year.