

Corporate Governance Report

Corporate Governance Practices

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests.

The code on Corporate Governance Practices (the "Code") was introduced to Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which became effective for accounting periods commencing on or after 1st January, 2005 with the exceptions in respect of the code provision C.2 on internal controls and the disclosure requirements in the Corporate Governance Report relating to the internal control. Appropriate actions were duly taken by the Directors to put Company in compliance of code provisions in the Code.

During the year under review, the Company has complied with all relevant code provisions set out in the Code, except for the deviations stated below:

(1) Code Provision A.2.1

Code A.2.1 stipulates that the roles of chairman and managing director (or chief executive officer ("CEO")) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

The Company does not presently have any officer with the title of "CEO" or "Managing Director". At present, Mr Wang Boming, being the Chairman and an Executive Director of the Company, is assuming the role of the CEO of the Company and is responsible for the strategic planning and corporate policy of the Group.

The Directors consider that Mr Wang Boming is the most appropriate person to assume the role of the CEO because he has considerable knowledge and experience in the advertising and publication businesses in the PRC and has leadership and corporate expertise in the Group. The Directors believe that vesting the roles of the chairman and CEO in the same person provides consistent and sustainable development of the Group, strong and consistent leadership in the Company's decision making and operational efficiency.

(2) Code Provision A.4.1

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The term of office for non-executive Directors are the same as for all Directors (i.e. not appointed for a specific term but only subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Articles of Association). At each annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least one every three years.

(3) Code Provision E.2.1

Code E.2.1 stipulates that the 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. If a poll is required under such circumstances, the chairman of the meeting should disclose to the meeting the total number of votes represented by all proxies held by directors indicating an opposite vote to the votes cast at the meeting on a show of hands.

In compliance with the code provision Code E.2.1, the Company proposes to put forward to its shareholders for approval at the forthcoming annual general meeting a special resolution to amend the Articles of Association of the Company to the effect that if required by the Listing Rules, at any general meeting a poll may be demanded by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting; and the Company shall disclose the voting figures on a poll.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors on exactly the terms and the required standard contained in the Model Code for Securities Transactions by Directors set out in Appendix 10 to the Listing Rules (the "Model Code").

Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31st December, 2005.

Board of Directors

The Board of the Company collectively oversees the management of the business and affairs of the Group with the overriding objective of enhancing share value. With delegating authorities from the Board, management of the Company is responsible for the day-to-day operations of the Group.

The Board currently comprises five executive Directors who are Mr. Wang Boming, Mr. Zhang Zhifang, Mr. Dai Xiaojing, Mr. Li Shijie and Mr. Lau See Him Louis; and four independent non-executive Directors who are Mr. Fu Fengxiang, Mr. Wang Xiangfei, Mr. Ge Ming and Mr. Ding Yu Cheng. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to the Listing Rules and the Company considers the independent non-executive Directors to be fully independent.

There is no financial, business, family, or other material/relevant relationship between the Directors. The Company considers that the Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interest of the Company and that the current board size is adequate for its present operations.

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The Board held full board meetings at approximately quarterly intervals. The attendances of the Board meeting for the year ended 31st December, 2005 are as follows:

Directors	Attendance
Mr. Wang Boming	4/4
Mr. Zhang Zhifang	4/4
Mr. Dai Xiaojing	1/4
Mr. Li Shijie	4/4
Mr. Lau See Him Louis	4/4
Mr. Yeh Shuen Ji (resigned on 25th November, 2005)	0/4
Mr. Wang Xiangfei	4/4
Mr. Fu Fengxiang	4/4
Mr. Ge Ming	4/4
Mr. Ding Yu Cheng (appointed on 21st June, 2005)	3/4

Chairman and Chief Executive Officer

As mentioned above, Mr. Wang Boming performs both the roles of the Chairman and CEO. The Directors consider that vesting the roles of the Chairman and CEO in Mr. Wang Boming is presently the most beneficial structure and is for the best interests of the Company and the shareholders of the Company.

Remuneration of Directors

The emoluments of the Directors are determined by reference to the skill, knowledge and experience of the respective Directors and their involvement in the Company's affairs as well as the prevailing market conditions. Share options may also be granted to the Directors as long-term incentive or rewards for their continuous contributions to the Group.

The Company has set up a Remuneration Committee in accordance with the relevant requirements of the Code on 9th September, 2005. The Committee comprises of two independent non-executive Directors, namely Mr. Ge Ming, being the Chairman of the Committee and Mr. Ding Yu Cheng.

The principal responsibilities of the Remuneration Committee include reviewing, considering and approving proposals as well as making recommendations to the Board on the Company's policy and structure relating to the remuneration of Directors and senior management.

No meeting of the Remuneration Committee was held during the year.

Nomination of Directors

The Board is empowered under the Company's Articles of Association to appoint any person as a Director either to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience.

A Nomination Committee was set up on 9th September, 2005 which comprises of three members. The members are two independent non-executive Directors, namely Mr. Ding Yu Cheng, chairman of the committee, and Mr. Ge Ming and Mr. Zhang Zhifang, an executive Director.

No meeting of the Nomination Committee was held during the year.

Auditors' Remuneration

During the year, the fees paid or payable to the auditors of the Company, Messrs. Deloitte Touche Tohmatsu were approximately HK\$500,000 and HK\$32,000 for statutory audit services and non-audit services rendered to the Group respectively.

Audit Committee

The Audit Committee comprises three independent non-executive Directors. The Committee is chaired by Mr. Fu Fengxiang and comprising two other members, namely Mr. Ge Ming and Mr. Wang Xiangfei.

The Audit Committee held 2 meetings during the year under review. Details of the attendance of the Audit Committee meetings are as follows:

Members	Attendance
Mr. Fu Fengxiang	2/2
Mr. Wang Xiangfei	2/2
Mr. Ge Ming	2/2

The Group's interim results for the six months ended 30th June, 2005 and annual audited results for the year ended 31st December, 2005 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

Directors' Responsibility on the Accounts

The Directors of the Company acknowledge their responsibility for preparing the accounts for the year ended 31st December, 2005, which were prepared in accordance with statutory requirements and applicable accounting standards.