

The board of directors of the Company (“Board”) considers that good corporate governance of the Company is central to safeguarding the interests of the shareholders and enhancing the performance of the Group. The Board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (“Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”) for the period from 10 October 2005 (the date of listing of the Company’s shares on the Main Board of the Stock Exchange of Hong Kong) to 31 December 2005 (the “Post Listing Period”). The Board 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.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules for securities transactions by directors of the Company in the Post Listing Period. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Post Listing Period.

BOARD OF DIRECTORS

Composition and role

As at the date of this report, the Board comprises:

Executive Directors:	Lin Cheng Hung (<i>Chairman</i>) Hsu Chung Huang Lien Tsung
Non-executive Directors:	Lee Cheng Few Chou Tsan Hsiung Nguyen Duc Van
Independent Non-executive Directors:	Wang Wei-Lin Lee Ka Leung, Daniel Tung Tat Chiu, Michael

The Board comprises three executive directors (one of whom is the Chairman) and six non-executive directors. Of the six non-executive directors, three of them are independent non-executive directors which represent one-third of the Board. In addition, one of the independent non-executive directors possesses appropriate professional accounting qualifications and financial management expertise.

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 non-executive directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at Board meetings and committee work.

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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 Company has received from each independent non-executive director an annual confirmation or confirmation of his independence pursuant to Rule 3.13 of Chapter 3 of the Listing Rules and the Company still considers such directors to be independent. The independent non-executive directors are explicitly identified in all corporate communications.

All directors are regularly updated on governance and regulatory matters. There is an established procedure for directors to obtain independent professional advice at the expense of the Company in the furtherance of their duties. The Company has also arranged appropriate director and officer liability insurance cover in respect of legal actions against its directors.

The Board meets regularly throughout the Post Listing Period and up to date of this annual report to review the overall strategy and to monitor the operation as well as the financial performance of the Group. The Chairman, being Mr. Lin Cheng Hung, is primarily responsible for drawing up and approving the agenda for each Board meeting in consultation with all directors. Notice of at least 14 days have been given to all directors for all regular Board meetings and the directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all directors within reasonable time before the meeting. Draft minutes of all Board meetings are circulated to directors for comment within a reasonable time prior to confirmation.

Minutes of Board meetings and meetings of Board committees are kept by duly appointed secretaries at the respective meetings and all directors have access to Board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

There is no relationship as between members of the Board.

The Board decides on corporate strategies, approves overall business plans and evaluates the Group's financial performance and management. Specific tasks that the Board delegates to the Group's management include the implementation of strategies approved by the Board, the monitoring of operating budgets, the implementation of internal controls procedures, and the ensuring of compliance with relevant statutory requirements and other rules and regulations.

During the Post Listing Period and up to the date of this annual report, two full Board meetings were held and the individual attendance of each director is set out below:

Name of director	Number of Board meetings attended	Attendance rate
Lin Cheng Hung (<i>Chairman</i>)	2/2	100%
Hsu Chung	2/2	100%
Huang Lien Tsung	2/2	100%
Lee Cheng Few	2/2	100%
Chou Tsan Hsiung	2/2	100%
Nguyen Duc Van	1/2	50%
Wang Wei-Lin	2/2	100%
Lee Ka Leung, Daniel	2/2	100%
Tung Tat Chiu, Michael	2/2	100%

Chairman and Chief Executive Officer

Three executive Directors, Mr. Lin Cheng Hung, Mr. Hsu Chung and Mr. Huang Lien Tsung, serve as the Chairman, the Chief Operating Officer and the Chief Executive Officer of the Company respectively. The Chairman is responsible for the overall business development operation strategy of the Group. The Chief Operating Officer is responsible for marketing and product development. The Chief Executive Officer is responsible for financial and administration management and investment issue of the Group.

Term of the Non-Executive Directors

Each of the non-executive directors and the independent non-executive directors of the Company has entered into a service contract with the Company for an initial term of one year. The term of each of the non-executive directors and the independent non-executive directors shall be renewable automatically for successive term of one year each commencing from the next day after the expiry of their then current term of appointment, unless terminated by not less than three months' notice in writing served by either the respective non-executive director and independent non-executive director or the Company expiring at the end of the initial term or at any time thereafter. All of the non-executive directors of the Company are subject to the retirement by rotation and re-election provisions as contained in the articles of association of the Company and the Code.

Audit Committee

The Audit Committee was established in 2005 with written terms of reference and its members include:

Lee Ka Leung, Daniel (*Chairman of committee*)
Chou Tsan Hsiung
Tung Tat Chiu, Michael

All members of the Audit Committee are non-executive directors of the Company and a majority of them are independent non-executive directors. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management on the Audit Committee. The composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. The Audit Committee is responsible for assisting the Board in safeguarding the Group's assets by providing an independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. The Audit Committee also oversees the audit process and performs other duties as assigned by the Board.

The Audit Committee meets regularly to review the reporting of financial and other information to shareholders, the system of internal controls, risk management and the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the Board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors.

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The Audit Committee has reviewed the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the accounts for the year ended 31 December 2005.

During the Post Listing Period and up to date of this annual report, one Audit Committee meeting was held and the individual attendance of each member is set out below:

Name of director	Number of committee meetings attended	Attendance rate
Lee Ka Leung, Daniel	1/1	100%
Chou Tsan Hsiung	1/1	100%
Tung Tat Chiu, Michael	1/1	100%

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005 with written terms of reference and the current members include:

Wang Wei-Lin (*Chairman of the committee*)

Chou Tsan Hsiung

Lee Ka Leung, Daniel

Tung Tat Chiu, Michael

All members of the Remuneration Committee are non-executive directors of the Company and a majority of them are independent non-executive directors. The Remuneration Committee advises the Board on the Group's overall policy and structure for the remuneration of directors and senior management. The Remuneration Committee ensures that no director or any of his associate is involved in deciding his own remuneration.

In determining the emolument payable to directors and senior management, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and the desirability of performance-based remuneration.

The Remuneration Committee meets regularly to determine the policy for the remuneration of directors and assess performance of executive directors and certain senior management. During the Post Listing Period and up to date of this annual report, one Remuneration Committee meeting was held, the individual attendance of each member is set out below:

Name of director	Number of committee meetings attended	Attendance rate
Wang Wei-Lin	1/1	100%
Chou Tsan Hsiung	1/1	100%
Lee Ka Leung, Daniel	1/1	100%
Tung Tat Chiu, Michael	1/1	100%

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of an individual to act as a director, and approving and terminating the appointment of a director. The Company has not established a any nomination committee. The Company currently does not have any plans to set up a nomination committee in view of the small size of the Board.

The Chairman is responsible for identifying suitable candidates for member of the Board when there is a vacancy or an additional director is considered necessary. The Chairman proposes the appointment of such candidates to each member of the Board for consideration. Each member of the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his or her qualifications, experiences and background. During the Post Listing Period, no nomination of directors was performed by the Board.

AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services provided by the auditors to the Group for the year ended 31 December 2005 is summarised as below:

Services	Remuneration (US\$)
Audit services	90,323
Other advisory services - Reporting Accountant on Listing	329,677
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	420,000
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INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to executive management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

The Board has conducted a review of the effectiveness of the Group's internal control system, covering its financial and operational functions.

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DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of accounts for 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 accounts for the year ended 31 December 2005, the directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

AUDITORS' STATEMENT

The auditors of the Company acknowledge their responsibilities in the auditors' report on the financial statements of the Group for the year ended 31 December 2005.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavours to maintain a high level of transparency in communicating with shareholders and the investment community at large. Briefings and meetings with institutional investors and analysts are conducted regularly. The Company is committed to continue to maintain an open and effective investor communication policy and to update investors on relevant information on its business in a timely manner, subject to relevant regulatory requirements. In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the executive directors and designated senior executives according to established practices and procedures of the Company.

For and on behalf of the Board

Lin Cheng Hung

Chairman

Hong Kong, 25 April 2006