

Corporate Governance Report

The Group recognizes the value and importance to achieving high corporate governance standards to enhance corporate performance and accountability.

The Company has applied the principles and has complied with the provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules throughout the year ended 30th September, 2006, with deviations from Code Provisions A.4.1, A.4.2 and E.2.1.

The Company periodically reviews its corporate governance practices to ensure that the practices continue to meet the requirements of the Code.

A. DIRECTORS

A.1 The Board

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.

The overall management of the Company's business is vested in the Board.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitoring the performance of the senior management. The directors have to take decisions objectively in the interests of the Company.

The day-to-day management, administration and operation of the Company are delegated to the Managing Director and the senior management of the Company. The delegated functions and work tasks are periodically reviewed.

A. DIRECTORS *(Continued)*

A.1 The Board *(Continued)*

The Board is composed of nine executive directors (including the Chairman and the Managing Director of the Company) and four non-executive directors (of whom three are independent), whose biographical details are set out in “Biographical Data of Directors and Senior Management” section on pages 24 to 26. Mr. Tsai Chi Neng, Mr. David N.F. Tsai and Miss Tsai Pei Chun, Patty are, amongst others, members of Tsai’s family. Mr. Tsai Chi Neng is uncle of Mr. David N.F. Tsai and Miss Tsai Pei Chun, Patty. Mr. David N.F. Tsai and Miss Tsai Pei Chun, Patty are cousins. Save as disclosed herein, none of the members of the Board are related to one another.

During the year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

In addition, the Company has received from each of the independent non-executive director an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. These directors’ independence has been verified.

Code Provisions	Compliance	Actions by the Company
<p>A.1.1 The board should meet regularly and board meetings should be held at least 4 times a year at approximately quarterly intervals.</p>	Yes	The Board met eight times during the year and four of them were regular board meetings.
<p>A.1.2 Arrangements should be in place to ensure that all directors are given an opportunity to include matters in the agenda for regular board meetings.</p>	Yes	Directors were invited to include any matters which they thought appropriate in the agenda for regular board meetings.
<p>A.1.3 Notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend.</p>	Yes	14 days prior notice was normally given for regular board meetings.
<p>A.1.4 All directors should have access to the advice and services of the company secretary.</p>	Yes	All directors have full, timely and direct access to the advice and services of the Company Secretary and/or the in-house Legal Counsel of the Company.

A. DIRECTORS *(Continued)*

A.1 The Board *(Continued)*

Code Provisions	Compliance	Actions by the Company
A.1.5 Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and open for inspection.	Yes	Minutes are kept by the appointed secretary of the meetings and available for inspection at the Company's principal place of business.
A.1.6 Draft and final versions of minutes of board meetings should be sent to all directors for their comment and records respectively, in both cases within a reasonable time after the board meeting is held.	Yes	All draft minutes would be sent to directors for review and comment within one month after each meeting.
A.1.7 There should be a procedure for directors to seek independent professional advice at the issuer's expense.	Yes	Directors are permitted to seek independent professional advice, if required, at the Company's expenses.
A.1.8 If a substantial shareholder/director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, a board meeting should be held. Independent non-executive directors should be present at such board meeting.	Yes	The Company will continue to ensure that such matters that require board meetings be held instead of by way of circulation.

A. DIRECTORS *(Continued)*

A.1 The Board *(Continued)*

Compliance with Recommended Best Practices

- There is in place a Directors' & Officers' Liabilities Insurance cover; and
- Board Committees have adopted broadly the same principles and procedures as stated in A.1.1 to A.1.8 of Appendix 14 to the Listing Rules.

A.2 Chairman and Chief Executive Officer

Principle

There should be a clear division between the management of the board and the day-to-day management at the board level of the issuer's business to ensure a balance of power and authority, so that power is not concentrated in any one individual.

The positions of the Chairman and the Managing Director are held by Mr. Tsai Chi Neng and Mr. David N.F. Tsai respectively.

In order to reinforce their respective independence, accountability and responsibility, the role of the Chairman is separate from that of the Managing Director. The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice and ensure the effectiveness of the Board. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

The Managing Director focuses on managing the Company and its subsidiaries, developing and implementing objectives, policies and strategies approved and delegated by the Board. The Managing Director is in charge of the Group's day-to-day management and operations and is also responsible for developing strategic plans and formulating the organizational structure, control systems and internal procedures and processes for the Board's approval.

A. DIRECTORS *(Continued)*

A.2 Chairman and Chief Executive Officer *(Continued)*

Code Provisions	Compliance	Actions by the Company
A.2.1 The roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.	Yes	Division of responsibilities between the Chairman and the Managing Director is clearly defined and set out in writing. Chairman and Managing Director are served by different persons.
A.2.2 & A.2.3 The chairman should ensure that all directors are properly briefed on issues arising at board meetings and they receive adequate information in a timely manner.	Yes	The Chairman has a clear responsibility to ensure all the directors are properly briefed and given accurate information.

Compliance with Recommended Best Practices

Clear division of responsibilities between Chairman and Managing Director has been approved and adopted by the Company. The Chairman has a clear responsibility to ensure that the Board works effectively and discusses all key and appropriate issues.

A.3 Board composition

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 there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient caliber and number for their views to carry weight.

The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. The Board has reviewed its own structure, size and composition to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group.

A. DIRECTORS *(Continued)*

A.3 Board composition *(Continued)*

Code Provisions	Compliance	Actions by the Company
<p>A.3.1 The independent non-executive directors should be expressly identified as such in all corporate communications.</p>	Yes	Composition of the Board, by category of Directors, is disclosed in all corporate communications.

A.4 Appointments, re-election and removal

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. An issuer must explain the reasons for the resignation or removal of any director.

Code Provisions	Compliance	Actions by the Company
<p>A.4.1 Non-executive directors should be appointed for a specific term, subject to re-election.</p>	Partial Compliance	The Company intends to comply with Code provision A.4.2 in full. The Board proposed to amend the relevant Bye-laws of the Company, which provides, inter alia, that every director shall be subject to retirement by rotation at least once every three years. Such proposal shall be put forward to the forthcoming annual general meeting for shareholders' approval.
<p>A.4.2 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.</p>		

A. DIRECTORS *(Continued)*

A.4 Appointments, re-election and removal *(Continued)*

Code Provisions	Compliance	Actions by the Company
A.4.1 & A.4.2 <i>(Continued)</i>	Partial Compliance	The non-executive directors (including independent non-executive directors) of the Company were not appointed for specific terms, but are subject to retirement by rotation in accordance with the Bye-laws of the Company. Since the non-executive directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws and following the relevant Bye-laws being amended as stated above (subject to shareholders' approval), the Company considers that sufficient measures will have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Compliance with Recommended Best Practices

The Company's circular of its annual general meeting contained detailed information on election of directors, including details of biographies, and, if applicable, independence of all directors standing for re-election. Each of the independent non-executive directors has confirmed their independence.

A. DIRECTORS *(Continued)*

A.5 Responsibilities of directors

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.

During the year, 8 Board meetings, 4 Audit Committee meetings and 1 Remuneration Committee meeting were held. The attendance record of each director at the aforesaid meetings is set out below:

	Attendance of Meetings		
	Board	Audit Committee	Remuneration Committee
Executive directors			
Tsai Chi Neng	3/8	N/A	N/A
David N.F. Tsai	2/8	N/A	N/A
Edward Y. Ku ³	6/8	N/A	1/1
Kuo Tai Yu	1/8	N/A	N/A
Lu Chin Chu	1/8	N/A	N/A
Kung Sung Yen	1/8	N/A	N/A
Chan Lu Min	4/8	N/A	N/A
Li I Nan, Steve	8/8	N/A	N/A
Tsai Pei Chun, Patty	3/8	N/A	N/A
Non-executive directors			
Choi Kwok Keung (retired on 1st March, 2006)	0/8	N/A	N/A
John J.D. Sy ^{1,3}	5/8	4/4	1/1
Independent non-executive directors			
Shih Hung ^{1,3} (retired on 1st March, 2006)	2/8	1/4	1/1
So Kwan Lok ^{1,3,4}	7/8	4/4	1/1
Poon Yiu Kin, Samuel ^{1,2,3}	7/8	4/4	1/1
Liu Len Yu ^{1,3} (appointed on 1st March, 2006)	4/8	2/4	N/A

Notes:

1. Member of Audit Committee
2. Chairman of Audit Committee
3. Member of Remuneration Committee
4. Chairman of Remuneration Committee

A. DIRECTORS *(Continued)*

A.5 Responsibilities of directors *(Continued)*

Code Provisions

Compliance

Actions by the Company

A.5.1

Every newly appointed director of an issuer should receive a comprehensive, formal and tailored induction on the first occasion of his appointment, and subsequently such briefing and professional development as is necessary, 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 law, the Exchange Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the issuer.

Yes

A comprehensive information package containing an introduction to the Group's operations, directors' responsibilities and duties and other statutory requirements will be provided to new directors upon their appointment.

A.5.2

The functions of non-executive directors should include:

- 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

Non-executive directors are well aware of their functions and have been actively performing their functions.

A.5.3

Every director should ensure that he can give sufficient time to the affairs of the issuer.

Yes

There is reasonably satisfactory attendance rate.

A. DIRECTORS *(Continued)*

A.5 Responsibilities of directors *(Continued)*

Code Provisions	Compliance	Actions by the Company
<p>A.5.4 Directors must comply with their obligations under the Model Code set out in Appendix 10.</p>	Yes	The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules regarding directors' dealings in securities. Directors have confirmed compliance with the Model Code throughout the year. The Company has also adopted written guidelines on no less exacting terms than the Model Code for the relevant employees. No incident of non-compliance of the employees' written guidelines by the relevant employees was noted by the Company.

Compliance with Recommended Best Practices

Directors disclose their other directorship at the time of appointment and, subsequently, at least once every year to the Company.

A.6 Supply of and access to information

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.

Code Provisions	Compliance	Actions by the Company
<p>A.6.1 Agenda and accompanying board papers should be sent in full to all directors at least 3 days before board/board committee meeting.</p>	Yes	Agenda and board papers are sent to all directors at least three days before the meetings unless it is on urgent basis.
<p>A.6.2 Management has an obligation to supply the board and its committees with adequate information in a timely manner to enable it to make informed decisions. The board and each director should have separate and independent access to the issuer's senior management.</p>	Yes	Senior management works closely with the Board and meets each other on regular basis.

A. DIRECTORS *(Continued)*

A.6 Supply of and access to information *(Continued)*

Code Provisions	Compliance	Actions by the Company
A.6.3 All directors are entitled to have access to board papers. Steps must be taken to respond as promptly and fully as possible.	Yes	Board papers and minutes are properly kept by the company secretarial division under legal department of the Company and are available for inspection by directors.

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

B.1 The level and make-up of remuneration and disclosure

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

Code Provisions	Compliance	Actions by the Company
B.1.1 Issuers 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	A Remuneration Committee has been established by the Board with specific written terms of reference.
B.1.2 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	The Remuneration Committee carries out annual review of compensation packages for directors and senior management of the Company.

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

B.1 The level and make-up of remuneration and disclosure *(Continued)*

Code Provisions	Compliance	Actions by the Company
<p>B.1.3, B.1.4 & B.1.5</p> <p>The terms of reference of the remuneration committee should include the specific duties as stipulated in B.1.3 of Appendix 14 to the Listing Rules.</p> <p>The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.</p> <p>The remuneration committee should be provided with sufficient resources to discharge its duties.</p>	Yes	The terms of reference are set out in writing with adoption of the specific duties as provided in B.1.3 of Appendix 14 to the Listing Rules. It is available upon request. The Company will pay for all professional advice and other assistance as required by the Remuneration Committee.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial Reporting

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

Code Provisions	Compliance	Actions by the Company
<p>C.1.1</p> <p>Management should provide such explanation and information to the board as will enable the board to make an informed assessment of the financial and other information put before the board for approval.</p>	Yes	Management is required to provide detailed report and explanation to enable the Board to make an informed assessment before approval.
<p>C.1.2</p> <p>The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts, and there should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements.</p>	Yes	Company's directors and auditors state their respective responsibilities on pages 54 and 55 of the Annual Report.

C. ACCOUNTABILITY AND AUDIT *(Continued)*

C.1 Financial Reporting *(Continued)*

Code Provisions	Compliance	Actions by the Company
<p>C.1.3</p> <p>The board's responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.</p>	Yes	The Board aims at presenting a balanced, clear and understandable assessment of the Company's position to its shareholders and the public.

C.2 Internal controls

Principle

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

The Board is responsible for maintaining a sound and effective system of internal controls of the Group and for reviewing its effectiveness through the Audit Committee. The internal control system is designed to provide reasonable assurance against material misstatement or loss; to manage the risk of system failure; and to assist in the achievement of the Group's objectives. In addition to safeguarding the Group's assets, it also ensures the maintenance of proper accounting records and compliance with relevant laws and regulations.

Code Provisions	Compliance	Actions by the Company
<p>C.2.1</p> <p>The directors should at least annually conduct a review of the effectiveness of the system of internal control of the issuer and its subsidiaries and report to shareholders that they have done so in their Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls and risk management functions.</p>	Yes	The Board has conducted an annual review of the effectiveness of its internal control systems covering all material controls, including financial, operational and compliance controls as well as risk management functions. The Group also engaged an external consultancy firm to provide advice and perform review of the Company's internal audit activity and whistle-blowing system.

C. ACCOUNTABILITY AND AUDIT *(Continued)*

C.2 Internal controls *(Continued)*

Code Provisions	Compliance	Actions by the Company
C.2.1 <i>(Continued)</i>	Yes	Based on the assessments made by the Group's Internal Audit department, the Audit Committee and the Board considered that the key areas of the Group's internal control systems are reasonably implemented with room for improvement. The Group shall use its best endeavor to implement changes as recommended by the external professional consultancy firm in order to further improve Company's internal control systems.

C.3 Audit Committee

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.

The Audit Committee currently comprises Mr. Poon Yiu Kin, Samuel, Mr. So Kwan Lok, Mr. Liu Len Yu and Mr. John J.D. Sy. The Chairman of Audit Committee is Mr. Poon Yiu Kin, Samuel, an independent non-executive director of the Company. The majority of the Committee members are independent non-executive directors. None of the members of the Audit Committee are a former partner of the Company's existing external auditors.

The Audit Committee held 4 meetings during the year to review the financial results and reports, financial reporting, internal control and compliance procedures, and to make recommendations to the Board on the re-appointment of the external auditors.

Code Provisions	Compliance	Actions by the Company
C.3.1 Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes of the audit committee meetings should be sent to all members of the committee for their comment and records respectively, in both cases within a reasonable time after the meeting.	Yes	Draft minutes prepared by the secretary of the meeting are sent to members within one month of each meeting. Full minutes are kept by the secretary of the meeting.

C. ACCOUNTABILITY AND AUDIT *(Continued)*

C.3 Audit Committee *(Continued)*

Code Provisions	Compliance	Actions by the Company
<p>C.3.2 A former partner of the issuer's existing auditing firm should be prohibited from acting as a member of the issuer's audit committee for one year after he ceases to be a partner of or to have any financial interest in the firm, whichever is the later.</p>	Yes	None of the members of the Audit Committee are former partners of the Company's existing auditing firm.
<p>C.3.3 The terms of reference of the audit committee should include at least the following duties:</p> <ul style="list-style-type: none">– review of relationship with the issuer's auditors;– review of financial information of the issuer; and– oversight of the issuer's financial reporting system and internal control procedures.	Yes	The terms of reference have been revised to cover the scope of duties as required in this Code Provision.
<p>C.3.4 The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.</p>	Yes	The terms of reference are available upon request.
<p>C.3.5 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.</p>	Not applicable	Audit Committee 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 of the Company.

C. ACCOUNTABILITY AND AUDIT *(Continued)*

C.3 Audit Committee *(Continued)*

Code Provisions	Compliance	Actions by the Company
<p>C.3.6 The audit committee should be provided with sufficient resources to discharge its duties.</p>	Yes	The Company will at its expenses provide such assistance as required by Audit Committee.

Compliance with Recommended Best Practices

The terms of reference of the Audit Committee have been revised to include the following duties:

- (a) to review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action; and
- (b) to act as the key representative body for overseeing the Company's relation with the external auditor.

D. DELEGATION BY THE BOARD

D.1 Management functions

Principle

An 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.

Code Provisions	Compliance	Actions by the Company
<p>D.1.1 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.</p>	Yes	The segregation of duties and responsibilities between the Board and the management has been defined and provided as internal guidelines of the Company.
<p>D.1.2 An issuer should formalize the functions reserved to the board and those delegated to management.</p>	Yes	<p>The duties of the Board include:</p> <ul style="list-style-type: none"> – establishing strategic development and direction of the Company; – setting the objective of management; – monitoring performance of management; and – overseeing relationships between the Company and its clients.

D. DELEGATION BY THE BOARD *(Continued)*

D.2 Board Committees

Principle

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

The Board has established Audit Committee, Remuneration Committee and Executive Committee with defined terms of reference. The terms of reference of the Board Committees are available upon request.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Code Provisions

Compliance

Actions by the Company

D.2.1

Board committees are established with sufficiently clear terms of reference.

Yes

The Board has established three Board Committees (Audit Committee, Remuneration Committee and Executive Committee) with specific terms of reference.

D.2.2

The terms of reference of board committees should require such committees to report back to the board.

Yes

Board Committees would report to the Board their work, findings and recommendations in Board meeting.

E. COMMUNICATION WITH SHAREHOLDERS

E.1 Effective communication

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.

Code Provisions

Compliance

Actions by the Company

E.1.1

A separate resolution should be proposed by the chairman for substantially separate issue.

Yes

Separate resolutions are proposed at the meeting on each substantially separate issue.

E.1.2

The chairman of the board should attend the annual general meeting and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) 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. The chairman of the independent board committee (if any) 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

The Board Chairman and either the chairman of the Audit Committee and Remuneration Committee or their representatives would attend the annual general meeting ("AGM") of the Company.

E. COMMUNICATION WITH SHAREHOLDERS *(Continued)*

E.2 Voting by Poll

Principle

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

Code Provisions

Compliance

Actions by the Company

E.2.1

Disclosure in the issuer's circulars to shareholders of the procedures for and the rights of shareholders to demand a poll.

Partial compliance

Procedures for demanding a poll were set out in the circular accompanying the AGM notice. These procedures were also explained during the AGM proceedings.

Deviation:

Under the existing Bye-laws, 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 Board proposed to amend its Bye-laws to be in line with this Code Provision in the forthcoming annual general meeting.

E.2.2

The issuer should ensure that votes cast are properly counted and recorded.

Yes

Branch Share Registrars was appointed as scrutiniser.

E.2.3

The chairman of a meeting should at the commencement of the meeting ensure that the procedures for demanding a poll by shareholders and the detailed procedures for conducting a poll are explained.

Yes

Poll results were published in major Hong Kong newspapers on the business day following the meeting and posted on the websites of the Stock Exchange and the Company.

NOMINATION OF DIRECTORS

The Company has not established nomination committee but will constantly review and consider whether such committee is required. All new appointments and re-appointments to the Board are subject to approval of the Board of Directors of the Company.

AUDITORS' REMUNERATION

During the year under review, the remuneration paid to the Company's external auditors, Messrs. Deloitte Touche Tohmatsu is set out as follows:

	US\$'000
Audit services	1,400
Non-audit services	105
	1,505

The above non-audit services include professional advisory on taxation and professional services on the report of factual findings on agreed upon procedures in respect of connected parties transactions.

INFORMATION DISCLOSURE AND INVESTOR RELATIONS

The Group adheres to high standards with respect to the disclosure of its financial statements, with quarterly reports of unaudited results and the monthly revenue announcement for previous month. To foster regular and contribute two-way communication amongst the Company, its shareholders and potential investors, the Group has established an Investor Relations Department to respond to enquiries from shareholders and the public. In addition, the Group is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and strengthen the communication with both the public and shareholders.

DIRECTOR'S RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements for each financial period which give a true and fair view of the financial affairs of the Group.