

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "Board") of the Company is committed to establishing and maintaining high standards of corporate governance. Prior to the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 May 2006, the Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in appendix 14 of Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices on 20 January 2006.

CORPORATE GOVERNANCE PRACTICE

The Board is in the opinion that the Company has complied with the Code since 11 May 2006.

Code Provision A.2.1. stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yu Longrui is currently the Chairman and Chief Executive Officer of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer ("Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code.

BOARD OF DIRECTORS

The Board currently consists of five executive Directors and three independent non-executive Directors. One of the independent non-executive Directors has the appropriate professional and accounting qualifications required by Rule 3.10(2) of the Listing Rules. Composition of the Board shall refer to page 2 of this annual report.

The Board is responsible for the leadership and control of the Group (comprising the Company and its subsidiaries) and oversees the Group's businesses, strategic decisions and performance. Its principal functions are to consider and approve the strategies, financial objectives, annual budget and investment proposals of the Group.

Management is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer. The Chief Executive Officer, working with other executive Directors and the management team of each business division, is responsible for managing the business of the Group, including implementation of the strategies and decisions approved by the Board and assuming full responsibility to the Board for operations of the Group.

The Board shall meet at least four times a year after listing on 11 May 2006 at approximately quarterly intervals and also as and when required. The Company Secretary assists the Chairman in establishing the meeting agenda, and each Director may request inclusion of items in the agenda. Adequate and appropriate information are circulated normally three days in advance of Board meetings to the Directors. The Company Secretary and the Qualified Accountant shall attend all Board meetings to provide information on corporate governance, compliance, accounting and financial matters when necessary.

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During the period from 11 May 2006 to 31 December 2006 (the "Reporting Period"), save for executive Board meetings held between executive Directors during the normal course of business of the Company, the Board had held one regular meeting on 15 August 2006. Since 11 May 2006, the Board had held three regular meetings on 15 August 2006, 10 January 2007 and 15 March 2007 respectively.

The members of the Board as at 31 December 2006 and the attendance of each member for the aforesaid meetings are as follows:

	Number of Attendance
Executive Directors	
Mr. Yu Longrui (<i>Chairman and Chief Executive Officer</i>)	3/3
Mr. Zheng Feng	3/3
Mr. Chan Wai Chuen	3/3
Ms. Yang Yahua	3/3
Mr. Yeung Shing	3/3
Independent Non-executive Directors	
Mr. Zheng Qingchang	3/3
Mr. Yu Lun	3/3
Mr. Yun Lok Ming	3/3

The biographies of the Directors are set out on pages 12 to 13 of this annual report.

Board and committee minutes are recorded in appropriate detail and draft minutes are circulated to all Directors and committee members for comments before being approved by the Board and committees at the next immediate meeting. All minutes are kept by the Company Secretary and are open for inspection by the Directors.

The Company has received annual confirmations of independence from Mr. Zheng Qingchang, Mr. Yu Lun and Mr. Yun Lok Ming and considers them to be independent of the Group with reference to the factors as set out in Rule 3.13 of the Listing Rules.

The members of the Board have no financial, business, family or material/relevant relationship with each other except Mr. Yu Longrui, the Chairman of the Company is the husband of Ms. Yang Yahua, the executive Director of the Company.

All Directors (including independent non-executive Directors) are subject to retirement at annual general meeting of the Company by rotation at least once every three years in accordance with the Company's Articles of Association. All retiring Directors shall be eligible for re-election. All the independent non-executive Directors have been appointed for a term of three years commencing from 14 April 2006.

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Yu Longrui is currently the Chairman and Chief Executive Officer of the Company.

After reviewing the management structure, the Board is of the opinion that Board decisions are collective decisions of all Directors made by way of voting and not decisions of the Chairman of the Board alone. Further, there is a clear division of responsibilities between the management of the Board and the day-to-day management of the business of the Company, which relies on the support of the senior management.

As such, the power of management of the Company is not concentrated in any one individual. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group.

REMUNERATION COMMITTEE

The Company established its remuneration committee (the "Remuneration Committee") on 14 April 2006 with written terms of reference in compliance with the Code. The primary duties of the Remuneration Committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management of the Company. The Remuneration Committee has three members comprising the three independent non-executive Directors, namely Mr. Zheng Qingchang, Mr. Yun Lun and Mr. Yun Lok Ming. Mr. Zheng Qingchang has been appointed as the chairman of the Remuneration Committee.

The Remuneration Committee shall meet at least once a year after listing on 11 May 2006. The Remuneration Committee has not held any meeting during the Reporting Period and held a meeting on 15 March 2007, which was attended by all members.

NOMINATION COMMITTEE

The Company established its nomination committee (the "Nomination Committee") on 14 April 2006 with written terms of reference in compliance with the Code. The primary duties of the Nomination Committee are to make recommendations to the Board of Directors on appointment of Directors and management of the succession of the board of Directors. The Nomination Committee has three members comprising the three independent non-executive Directors, namely Mr. Zheng Qingchang, Mr. Yun Lun and Mr. Yun Lok Ming. Mr. Zheng Qingchang has been appointed as the chairman of the Nomination Committee.

The Nomination Committee shall meet at least once a year after listing on 11 May 2006. The Nomination Committee has not held any meeting during the Reporting Period and held a meeting on 15 March 2007, which was attended by all members.

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AUDITORS' REMUNERATION

During the year ended 31 December 2006, the remuneration paid to the Company's auditors, CCIF CPA Limited, is set out as follows:

	Fee paid/payable <i>HK\$'000</i>
Services rendered	
Audit services	
Annual audit of accounts for the year ended 31 December 2006	811

AUDIT COMMITTEE

The Company has established its audit committee (the "Audit Committee") on 14 May 2006 with written terms of reference in compliance with the Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. The Audit Committee has three members comprising the three independent non-executive Directors, namely Mr. Zheng Qingchang, Mr. Yun Lun and Mr. Yun Lok Ming. Mr. Zheng Qingchang has been appointed as the chairman of the Audit Committee.

The Audit Committee shall meet at least twice a year after listing on 11 May 2006. The Audit Committee has held one meeting during the Reporting Period on 15 August 2006 and held three meetings on 15 August 2006, 10 January 2007 and 15 March 2007 respectively.

All members of the Audit Committee possess in-depth experience in their own profession. One of the committee members, Mr. Yun Lok Ming, possesses appropriate professional and accounting qualifications which meet the requirements of Rule 3.10(2) of the Listing Rules.

Full minutes of Audit Committee are kept by the secretary of the Audit Committee. Draft and final version of minutes of the Audit Committee meetings are set to all members of the Audit Committee for their comment and records respectively, in both cases, within a reasonable time after the meeting.

Since listing, the Audit Committee met with the external auditors, CCIF CPA Limited, twice on 15 August 2006 and 15 March 2007 respectively to discuss any areas of concerns during the audit. The meeting between the external auditors and the Audit Committee on 15 March 2007 was held without the presence of the management of the Company.

The Audit Committee has reviewed the audit plan of the external auditors during the course of their audit at the meeting held on 10 January 2007.

At the meeting on 15 March 2007, the Audit Committee reviewed the annual report with the external auditors without the presence of the management before submission to the Board. The Committee focus not only on the impact of the adoption of new accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements by the Group in review of the Company's annual report.

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ACCOUNTABILITY

The Directors are responsible for the preparation of the accounts of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cashflows of the Group.

In preparing the accounts for the year ended 31 December 2006, the Directors have adopted suitable accounting policies and applied them consistently. The accounts for the reporting year have been prepared on a going concern basis.

CCIF CPA Limited, the auditors of the Company, acknowledges their reporting responsibilities in the auditors' report on the financial statements of the Group for the year ended 31 December 2006.

INTERNAL CONTROLS

The Board has overall responsibility for the Group's internal control systems and through the Audit Committee, conducts review on the effectiveness of these systems covering the financial, operational, procedural compliance and risk management functions. The process used in reviewing the effectiveness of these internal control systems includes discussion with management on risk areas identified by management. The purpose of the Group's internal control system is to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems so that the Group's objectives can be achieved.

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CORPORATE COMMUNICATION

The Company is committed to a policy of open and regular communication and fair disclosure of information to the shareholders. The Company acknowledges that accurate and fair disclosure is necessary for the shareholders to form their own judgment on the operation and performance of the Group.

INVESTOR RELATIONS

The Company believes that effective communication with the investment community is essential for enhancing investors' knowledge and understanding of the Company's business performance and strategies. To achieve this, the Company pursues a proactive policy of promoting investor relations and communications. The main purpose of the Company's investor relations policy, therefore, is to enable investors to have access, on a fair and timely basis, to information that is reasonably required for making the best investment decisions.

During the year ended 31 December 2006, the Group had actively participated in investor forums and road shows held in Hong Kong and abroad. It also arranged briefings and meetings with analysts and fund managers to enhance their understanding of the Group. The Group also received regular investor audit reports from our investor relations consultant after such events; so that the management could internally discuss and review its investor relations program and communicate strategies.

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Investors and the public have access to up-to-date corporate information of the Group through the corporate website of www.dba-asia.com. The website enables them to obtain information on the Group's financial performance and latest business developments.

On behalf of the Board

YU Longrui

Chairman and Chief Executive Officer

Hong Kong, 15 March 2007