



## Corporate Governance Report

The Company, as a listed company in Hong Kong, is committed to enhancing its corporate governance level. The Board and the management of the Company understand that they are responsible for strict implementation for sound corporate governance structure and codes, so as to improve the accountability system and transparency of the Company, protect the interests of and create value for the shareholders.

The Board considered that the Group has adopted and complied with all the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 to the Listing Rules, except for the following deviations:

- (i) Code provision A.4.1 was deviated as non-executive directors of the Company were not appointed for any fixed term of appointment during the Year. However, as required by the Articles of Association of the Company, non-executive directors are subject to retirement by rotation and re-election at the annual general meeting at least once every three years, hence the Board considers that the term for non-executive directors of the Company have already been stipulated. In order to fully comply with Code provision A.4.1, the non-executive directors of the Company have been appointed for fixed term since 2 January 2007.
- (ii) Code provision E.1.2. was deviated as the Chairman of the Board was unable to attend the annual general meeting of the Company held on 28 June 2006 due to business reasons (but one of the executive directors of the Company was authorised by the Chairman present to chair the meeting).

The status of the Company’s compliance with the Code during the Year and (if applicable) as of the date of this report is set out below.

### A. DIRECTORS

#### A.1 The Board

Pursuant to the Code, an issuer should be headed by an effective board of directors which should assume responsibility for leadership and control of the company and be collectively responsible for promoting the success of the company by directing and supervising the company’s affairs. Directors should make decisions objectively in the interests of the company.

The Board is committed to improving the governance system of the Company and is ultimately responsible for formulating and implementing strategies for the operating results of the Company. The main duties of the Board include:

- 1) to determine the strategy, objective, policies and business plans of the Company and monitor the implementation of the strategies of the Company;
- 2) to monitor and control the operating and financial performance of the Company and establish appropriate risk management policies and procedures to ensure the implementation of the Company’s strategic objectives;
- 3) to supervise the performance of the senior management and determine their remuneration; and



- 4) to perfect the corporate governance structure and facilitate communication with shareholders.

The Company has established internal guidelines to clarify the matters which require approval of the Board. Under the guidelines, the Board's approval is required for significant financing programs of the Company, such as investment plans, merger and acquisition or disposal of material assets, material capital expenditure and external borrowing.

The Board has set up two standing committees, namely the audit committee ("Audit Committee") and the remuneration committee ("Remuneration Committee") with specific duties, power and written terms of reference. The chairman of each committee reports to the Board regularly and advises on matters for discussion when necessary.

Attendance of each of the directors of the Company to meetings of the Board and each of the committees during the Year was set out as follows:

	Board	Audit Committee	Remuneration Committee	Remarks
Number of meeting held	7	2	2	
Attendance				
	Hu You Lin	3		
	Gao Yi Shan	6	2	Resigned on 2 January 2007 as director of the Company
	Dong Li Yong	6		
	Lu Wei Dong, David	5		Resigned on 11 September 2006 as director of the Company
	Wang Pei Ping	1		Resigned on 28 June 2006 as director of the Company
	Qian Jin Biao	2		Appointed as director of the Company on 11 September 2006 and resigned on 2 January 2007 as director of the Company
	Pan Wan Qu	2		Resigned on 2 January 2007 as director of the Company
	Shen Xiao Zhong	6	2	Resigned on 2 January 2007 as director of the Company
	Cai Chuan Bing	6	2	
	Yu Zheng Hua	6	2	Resigned on 2 January 2007 as director of the Company
	Yu Chor Woon, Carol	3	2	Resigned on 2 January 2007 as director of the Company



The Board and each of the committees adopted the principles, procedures and arrangement set out in Code provisions A.1.1 to A.1.8 under the Code, with no deviations.

## A.2 Chairman and Chief Executive Officer

Pursuant to the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual so as to ensure a balance of power and authority and that power is not concentrated in any one individual.

The functions of the Chairman and the chief executive officer of the Company (“Chief Executive Officer”) are clearly segregated. The Chairman of the Board, Mr. Hu You Lin, is responsible for providing leadership for the Board. His main responsibility is to ensure that the Board works effectively and that good corporate governance practices and procedures are established and followed. The Chairman is also responsible for ensuring that appropriate steps are taken to provide effective communication with the shareholders and that the views of shareholders are communicated to the Board as a whole.

The present Chief Executive Officer of the Company, Mr. Dong Li Yong, is responsible for managing the business operations and general operation of the Company, implementing significant strategies of the Board and making decisions regarding daily operations of the Company. Mr. Gao Yi Shan was General Manager (i.e. Chief Executive Officer) of the Company during the period and resigned from the office of executive director, vice chairman of the Board and managing director of the Company on 2 January 2007. Mr. Gao was originally mainly responsible for the general operation, business development and daily operations of the Group.

There is no relationship (whether financial, business, family and other material/relevant relationship) among the members of the Board of the Company (including between the Chairman and the Chief Executive Officer).

There was no deviation from Code provisions A.2.1 to A.2.3 under the Code.

## A.3 Board composition

Pursuant to the Code, a board of directors should have a balance of skills and experience appropriate for the requirements of the business of the company. A board of directors should include a balanced composition of executive and non-executive directors so as to ensure the independency of the board. The board of directors must include at least three independent non-executive directors, and it is suggested in the Code that independent non-executive directors should represent at least one-third of the board.

The Board is comprised of 9 members, of whom 3 are executive directors, 2 are non-executive directors and 4 are independent non-executive directors.



At present, details of members of the Board and committees of the Company are as follows:

Name of director	Position in the Board	Member of the Audit Committee	Member of the Remuneration Committee
Hu You Lin	Executive director/Chairman		
Dong Li Yong	Executive director/Vice Chairman		√
Chen Gang	Executive director		
Qi Guangya	Non-executive director	√	
Liu Xiaoguang	Non-executive director		
Leung Mei Han	Independent non-executive director	√	
Cui Shuming	Independent non-executive director		√ (Chairman of the Committee)
Cai Chuan Bing	Independent non-executive director	√ (Chairman of the Committee)	√
Han Runsheng	Independent non-executive director		

The Company also maintained on its website ([www.yueda.com.hk](http://www.yueda.com.hk)) an updated list of its directors identifying their role and function and whether they are independent non-executive directors.

Each member of the Board with different backgrounds and possessing different expertise, has extensive experience in corporate planning and operation management, capital market, financial accounting, auditing, geology and so forth. There are 4 independent non-executive directors in the Company at present, representing more than one-third of the Board. The number of independent non-executive directors in the Board is in line with the recommended best practices under Code provision A.3.2 under the Code. The biographical details of the members of the Board are disclosed on p.22 to p.24 of this annual report.

There was no deviation from Code provisions A.3.1 under the Code.

#### A.4 Appointment, re-election and removal

Pursuant to the Code, there should be formal, considered and transparent procedures for the appointment of new directors to the board. There should be plans for orderly succession for appointment of directors to the board. All directors should be subject to re-election at regular intervals.

The Company has adopted measures for the nomination of directors to ensure the transparency of appointment and re-election processes of directors and evaluate the efficiency of the Board and contribution of each director to the Board. According to the nomination measures, a director has to be nominated by the Board and shareholders severally or jointly holding the shares required by the Articles of Association and his/her election has to be approved in general meeting other than those elected by the Board to fill casual vacancy. A candidate must consent with such nomination. The nominator shall fully understand the basic information of the nominee, including his occupation, academic qualifications, position and detailed work experience, and provide written materials to the Company in such regard. Nominator of independent non-executive directors shall also express his opinions on the



qualification and independence of the candidate as an independent non-executive director, and the nominee shall declare that he does not have any relationship with the Company which may affect his independent and objective judgment. The Company shall disclose detailed information of the candidate before convening the general meeting to ensure that shareholders have full understanding about the candidate. The candidate should provide a written confirmation prior to the general meeting that he accepts the nomination and guarantees the information disclosed about him is true, accurate and complete and promises that he will duly perform his duties as a director after his appointment. On expiry of a director's term, the Board will consider his nomination for re-election after taking into account of the then business development requirement of the Company, performance of the relevant director in achieving designated objectives during his term, his dedication and commitment and performance in other material aspects.

The above nomination measures have also provided for the qualifications of a director candidate, including but not limited to the expertise, skills and quality in modern corporate management, finance and law which are necessary for the candidate to perform his duties, understanding of the corporate operating rules under the market economy conditions and upholding of the principle of maximization of interests of the Company and the shareholders as a whole. The candidate should ensure that he can devote sufficient time and attention to discharging his duties during his appointment, to carefully review and consider all the business and financial reports of the Company and material news reports regarding the Company by public media and to understand and continually care for the business operation and management of the Company. The candidate should also ensure that he is, in principle, able to attend Board meetings in person, to exercise in a reasonably careful and dedicated manner and to clearly express his opinions on the matters for discussion. Candidate for the post of an independent non-executive director shall also possess the independence required by the Listing Rules, the basic knowledge of the operation of a listed company, extensive working experience in operation management, economic research, teaching, legal or financial fields and shall ensure that he can devote sufficient time and attention to discharging his duties as a director of the Company.

On 11 September 2006, the Board nominated and appointed Mr. Qian Jin Biao as an executive director according to the procedures required by the above nomination measures having considered the qualifications and criteria of Mr. Qian. Apart from this, the Board did not nominate or appoint any other new directors nor was involved in the nomination or appointment of any directors during the Year. During the Year, Mr. Hu You Lin, an executive director and Chairman of the Board, entered into a service agreement with the Company for a term of two years with effect from 1 November 2006. Mr. Dong Li Yong, an executive director, entered into a service agreement with the Company for a term of one year with effect from 1 June 2006. Mr. Gao Yi Shan, an executive director, entered into a service agreement with the Company for a term of two years with effect from 17 May 2006, but he has resigned as director of the Company since 2 January 2007. Mr. Lu Wei Dong, David, an executive director, entered into a service agreement with the Company for a term of two years with effect from 1 November 2004, but he has resigned as director of the Company since September 2006. Ms. Wang Pei Ping, an executive director, has not offered herself for re-election since her retirement by rotation in June 2006 pursuant to the Articles of Associations of the Company. Prior to this, Ms. Wang entered into a service agreement with the Company for a term of two years. Mr. Qian Jin Biao was appointed as an executive director on 11 September 2006 and entered into a service agreement with the Company for a term of two years, but he has resigned as director of the Company since 2 January 2007.



On 2 January 2007, each of Mr. Pan Wan Qu, Mr. Shen Xiao Zhong (both the then non-executive directors of the Company), Mr. Yu Zheng Hua and Ms. Yu Chor Woon, Carol (both the then independent non-executive directors of the Company), resigned from the office of directors of the Company. Mr. Cai Chuan Bing remained appointed as an independent non-executive director of the Company for a term of 2 years. Mr. Chen Gang has been appointed as an executive director of the Company and entered into a service contract with the Company for a term of two years with effect from 2 January 2007. Mr. Qi Guangya and Mr. Liu Xiaoguang have been appointed as non-executive directors and Ms. Leung Mei Han, Mr. Cui Shuming and Mr. Han Runsheng have been appointed as independent non-executive directors for a term of two years with effect from 2 January 2007.

The six newly-appointed directors of the Company above were appointed subsequent to the previous annual general meeting of the Company, and shall be re-elected by the shareholders in the forthcoming general meeting in accordance with the Articles of Associations of the Company and Code provision A.4.2. Meanwhile, in accordance with Article 108 (A) of the Articles of Association of the Company, one-third of the Board members of the Company (including the executive directors, non-executive directors and independent non-executive directors, except for the above six newly-appointed directors) shall retire automatically and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. For avoidance of doubt, for those directors who have retired and been re-elected, their term of appointment shall take effect from the original effective date.

Other than the deviation from Code provision A.4.1 as set out under paragraph (i) on page 10, there was no deviation from Code provisions A.4.1 and A.4.2 under the Code.

#### **A.5 Responsibilities of directors**

Pursuant to the Code, every director is required to keep abreast of his responsibilities as a director of a company and of the conduct, business activities and development of the company. Non-executive directors have the same duties of care and skill and fiduciary duties as executive directors.

Every newly-appointed director of the Company received a comprehensive, formal and tailor-made introduction on the first occasion of his appointment to ensure that he has a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities under the relevant statutes and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company.

The Company has in place a set of written guidelines for trading in the Company's securities by employees which provide strict requirements in respect of trading in the Company's securities conducted by its employees and are more stringent than the standards contained in the Model Code for Securities Transactions by directors of Listed Issuers set out in Appendix 10 to the Listing Rules ("Model Code"). In addition, the Company notified all the directors, senior management and relevant employees to follow such guidelines a month prior to the publication of the 2006 annual results.

Having made specific enquiries of all the directors, the directors confirmed that they complied with the Model Code and the written guidelines for trading in the Company's securities by employees.

The Company encouraged the directors of the Company to participate in the continuous professional development programme to develop and update their knowledge and skills to ensure that they are equipped with all the information and can continue to contribute to the Board when required. The Company is responsible for the costs of such programme.



The Company invited its non-executive directors and/or independent non-executive directors to act as members of the Audit Committee and the Remuneration Committee and to contribute by providing independent and constructive opinions to the Company.

There was no deviation from Code provisions A.5.1 to A.5.4 under the Code.

## **A.6 Supply of and access to information**

Pursuant to the Code, 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.

In respect of regular Board meetings and Committee meetings, the Company adopts the policy of giving 14-day-notice prior to the intended date of meeting, and sending in full an agenda and the relevant documents to all directors at least 3 days before the meeting so that the directors can understand the matters to be discussed.

All directors are eligible to have access to relevant materials for Board Meetings. The management has an obligation to supply the directors with complete and reliable information regarding the matters or subjects for discussion and explain the situations to the Board to enable them to make informed decisions. The management should also update the Board with the latest development of the Company in a timely manner, including information disclosure, investor relations activities and capital market performance.

The Company has also set up internal procedures so that each director can have separate and independent access to the senior management as appropriate. All directors are eligible to make further enquiries in respect of the business development of the Company.

There was no deviation from Code provisions A.6.1 to A.6.3 under the Code.

## **B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT**

### **B.1 The level and make-up of remuneration**

Pursuant to the Code, 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. Levels of remuneration should be sufficient to attract and retain the directors required to run the company successfully, but companies should avoid paying more than is necessary for this purpose. No director should be involved in deciding his own remuneration.

The Board has established the Remuneration Committee. As a standing committee of the Board, the Remuneration Committee is mainly responsible for supervising the remuneration policy of the Company, determining the level of remuneration of executive directors and senior management and evaluating the performance of executive directors. During the Year and up to 2 January 2007, Mr. Gao Yi Shan, an executive director, Mr. Yu Zheng Hua and Mr. Cai Chuan Bing, both independent non-executive directors, constitute members of the Remuneration Committee with Mr. Yu Zheng Hua as the Chairman of the Committee. As Mr. Gao Yi Shan and Mr. Yu Zheng Hua resigned as directors of the Company on 2 January 2007, the members of the Remuneration Committee changed to Mr. Cui Shu Ming, an independent non-executive director and Mr. Dong Li Yong, an executive director, with Mr. Cai Chuan Bing remaining as a member of the Committee. And Mr. Cui Shu Ming was designated as the Chairman of the Committee.



The main duties of the Remuneration Committee include:

- (1) to make recommendations to the Board on the policy and structure of the Company for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.
- (2) to determine the specific remuneration packages of all executive directors and senior management, including any benefits in kind, pension rights and incentive payments and any compensation payable for loss or termination of their office or appointment, and make recommendation to the Board on the remuneration of non-executive directors.
- (3) to evaluate the performance of executive directors, review and approve performance-based remuneration together with approving terms and conditions of executive directors' service contract by reference to corporate goals and objectives resolved by the Board from time to time.
- (4) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms.
- (5) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that the compensation payment is reasonable and appropriate.

The Remuneration Committee held two meetings during the Year. The Remuneration Committee has reviewed the remuneration policy and structure and performance evaluation system of the Group, made recommendations regarding directors' fee and the remuneration level of the senior management to the Board, discussed the execution of the share option scheme of the Company, and suggested the management of the Company to seek to renew the 10% general limit on the grant of options under the share option scheme of the Company to be considered and approved at the forthcoming annual general meeting of the Company.

The remuneration of the directors and senior management of the Company comprises three sections, namely the basic salaries, year-end bonus and share options. The Company will consider the result of the Company and individual performance in determining the bonus of executive directors and senior management. The Company also offers a share option scheme, which aims for retaining valuable human resources and ensuring executive directors, senior management and the employees share the same benefits as the shareholders.

Details of the salary of the Company's directors and the share option scheme are disclosed in Note 8 on page 57 and Note 30 on Page 76 to the financial statements of the annual report.

There was no deviation from Code provisions B.1.1 to B.1.5 under the Code.

## **C. ACCOUNTABILITY AND AUDIT**

### **C.1 Financial reporting**

Pursuant to the Code, a board of directors should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.





The directors of the Company understand its responsibilities for the preparation and the true and fair presentation of the financial statements during each financial period in order to truly reflect the operation and financial situation of the Company.

In preparation of the financial statements for the Year, the directors of the Company:

- (1) have applied suitable accounting policy.
- (2) have made reasonable judgment and estimation on a going concern basis.
- (3) have acknowledged the responsibilities in preparation of the accounts.

There was no deviation from Code provisions C.1.1 to C.1.3 under the Code.

## C.2 Internal controls

Pursuant to the Code, a board of directors should ensure that the company maintains sound and effective internal controls to safeguard the shareholders' investment and the company's assets.

The Board has conducted periodic review on the efficiency of the Group's internal control systems, including financial, operation and compliance control and risk management procedures. The Board authorised the financial controller of the Company to set up the scope of review and working timetable of the internal control system under the supervision of the Audit Committee, to seek help from a qualified international or Hong Kong accounting firm in respect of the designated scope as deemed necessary by the Audit Committee, to engage an external accounting firm to assist in reviewing the internal control system within the budget approved by the Board and report the contents and result of such review to the Board and shareholders. The Company has not set up a specialised internal control department yet, but it has required its financial department to specifically take up the responsibility of reviewing the internal control system of the Group. The Board believes that the Group is responsible to improve the internal control system continuously in order to give heed to the risk of the deficiency in the operating system if any, with an aim to achieve the Group's objectives.

There was no deviation from Code provision C.2.1 under the Code.

## C.3 Audit Committee

Pursuant to the Code, a board of directors 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 Board has established the Audit Committee. As a standing committee of the Board, the Audit Committee is mainly responsible for monitoring the completeness of the financial statements and regular reports issued by the Company and reviewing the financial control, internal control and risk management system of the Company. During the Year and up to 2 January 2007, Mr. Shen Xiao Zhong, a non-executive director, Mr. Cai Chuan Bing and Ms. Yu Chor Woon, both independent non-executive directors, constitute members of the Audit Committee with Mr. Cai Chuan Bing as the Chairman of the Committee. As Mr. Shen Xiao Zhong and Ms. Yu Chor Woon resigned as



directors of the Company on 2 January 2007, the members of the Audit Committee changed to Ms. Leung Mei Han, an independent non-executive director and Mr. Qi Guangya, a non-executive director, with Mr. Cai Chuan Bing remaining as a member and the Chairman of the Committee.

Main duties of the Audit Committee include but not limited to:

- (1) to be primarily responsible for making recommendation to the Board on the appointment, re-election and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions on resignation or dismissal of that auditor;
- (2) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (3) to develop and implement policy on the engagement of an external auditor to supply non-audit services. The Audit Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- (4) to monitor integrity of the financial statements of the Company's and the Company annual report and accounts, interim report and to review significant financial reporting judgments contained therein;
- (5) to review the Company's financial control, internal control and risk management systems;
- (6) to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system;
- (7) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;
- (8) to review the Group's financial and accounting policies and practices;
- (9) to review the external auditor's letter to the management of the Company, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of control and management's response;
- (10) to ensure that the Board will provide a timely response to the issues raised in the letter from the external auditor to the management;
- (11) to report to the Board on the matters set out in the Code; and consider other topics, as defined by the Board.

The Audit Committee conducted two meetings during the Year, at which the Audit Committee reviewed the annual report and interim report of the Company and the matters related to its connected transactions, and reviewed the internal control system of the Company. The Board and the Audit Committee do not hold different opinions regarding the election and appointment of the external auditor.

In 2006, the fee paid by the Company to the external auditor, Deloitte Touche Tohmatsu, was HK\$2,000,000 (including non-audit services, such as the financial prudence research conducted in respect of acquisition and disposal of operations and assets).



There was no deviation from Code provisions C.3.1 to C.3.6 under the Code.

## **D. DELEGATION BY THE BOARD**

### **D.1 Management functions**

Pursuant to the Code, a company should have a formal schedule of matters specifically reserved to the board for its decision. The board should give clear directions to the management as to the matters that must be approved by the board before decisions are made on behalf of the company.

The Board is principally responsible for formulating strategies, objectives, policies and business development plans of the Company, supervising the implementation of strategies of the Company, supervising and controlling the operation and financial performance of the Company and formulating appropriate risk management policies and procedures in order to achieve the Group's strategic objectives. Moreover, the Board is also equipped with an effective corporate governance structure to facilitate communication with shareholders.

The Board authorized the management under the Chief Executive Officer's leadership to implement the strategies and plans established by the Board and make decisions on daily operations. However, the Board's approval is required for significant financing programs of the Company, such as, merger and acquisition or disposal of material assets, material capital expenditure and external borrowing. Management is responsible for reporting the operation and financial performance of the Company to the Board.

There was no deviation from Code provisions D.1.1 to D.1.2 under the Code.

### **D.2 Board committees**

Pursuant to the Code, board committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.

The Company has prescribed sufficiently clear terms of reference to enable the two Board committees (i.e. the Audit Committee and the Remuneration Committee) to discharge their functions properly and required the two committees to report to the Board on their decisions or recommendations.

There was no deviation from Code provisions D.2.1 to D.2.2 under the Code.

## **E. COMMUNICATION WITH SHAREHOLDERS**

Pursuant to the Code, a board of directors should endeavour to maintain an on-going dialogue with shareholders and in particular, to communicate through annual general meetings with shareholders and encourage their participation. The company 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 company.

The Company, the Board and the management place high regard on the opinion and needs of the shareholders. The Company attempt to enhance the communication with its shareholders through publishing interim and annual results and reports and press releases as well as announcing in public its latest developments on its website ([www.yueda.com.hk](http://www.yueda.com.hk)). Shareholders may also receive the latest information released by the Company electronically.



The annual general meeting of the Company is a communication channel between the Board members, including independent non-executive directors and senior management and its shareholders. The Chairman of the Board and chairmen of each committee shall try their best to attend the meeting to answer questions raised by the shareholders.

During the Year, the Company held three general meetings (including the 2005 annual general meeting), at which a separate resolution was proposed in respect of each issue. The procedures for and the rights of shareholders to demand a poll and details of the proposed resolutions were disclosed in the circular sent to shareholders prior to each of the general meeting.

The Company also facilitates communication with the shareholders through various investor relations activities.

Other than the deviation from Code provision E.1.2 as set out under paragraph (ii) on page 10, there was no deviation from Code provisions E.1.1 and E.2.1 to E.2.3 under the Code.