

The board has adopted the code provisions set out in the Code of Corporate Governance Practices (“the Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”), which become effective on 1st January, 2005. The Company has applied the principles and complied with the requirements of the Code, except for certain deviations in respect of the service term of directors.

DIRECTORS’ SECURITIES TRANSACTIONS

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

THE BOARD

The Board is responsible for the leadership and control of the Company and oversees the Group’s businesses, strategic decisions and performances.

During the year, four board meetings were held and the attendance of each director is set out as follows:-

Directors	Number of attendance
Mr. Chan Yeung Nam	4/4
Mr. Fu Jie Pin	4/4
Mr. Tang Cheung Fai	4/4
Mr. Lam Ping Cheung	1/4
Mr. Jee Wengue	4/4
Mr. Tong Ka Ming	3/4

Board Minutes are kept by the Company Secretary and are sent to the Directors for records.

Each board member is entitled to have access to board papers and enable, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company’s expenses.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of the chairman of the board and the chief executive officer are held respectively by Mr. Chan Yeung Nam and Mr. Fu Jie Pin. These positions have clearly defined separate responsibilities.

The chairman is responsible for leading and supervising the operations of the board of directors, effective planning of board meetings, ensuring the board of directors is acting to the best interests of the Company.

The chief executive officer is responsible for the administration of the company business, as well as to formulate and implement company policies, and answerable to the board of directors in relation to the company overall operation.

BOARD COMPOSITION

The Board comprises two Executive Directors, being Mr. Chan Yeung Nam (Chairman) and Mr. Fu Jie Pin (Chief Executive Officer) and three Independent Non-executive Directors, being Mr. Tang Cheung Fai, Mr. Tong Ka Ming and Mr. Jee Wengue.

The Independent Non-executive Directors of the Company are persons with academic and professional qualifications in the fields of accounting, law and business management. They provide strong support towards the effective discharge of the duties and responsibilities of the board. Each Independent Non-executive Director gives an annual confirmation of his independence to the Company and the Company considers these directors to be independent under Rule 3.13 of the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The directors were not appointed for specific terms but subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Bye-laws of the Company.

According to the provisions of the Bye-laws of the Company, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. Furthermore, at each annual meeting one-third of the directors for the time being (or, if their number is not a multiple of three (3), the number nearest to one-third) shall retire from office by rotation.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprises an Executive Director, Mr. Fu Jie Pin and three Independent Non-executive Directors, Mr. Tang Cheung Fai, Mr. Tong Ka Ming, and Mr. Jee Wengue. Mr. Fu Jie Pin is the Chairman of the Remuneration Committee.

During the year one meeting was held. The attendance of each member is set out as follows:

Directors	Number of attendance
Mr. Fu Jie Pin	1/1
Mr. Tang Cheung Fai	1/1
Mr. Tong Ka Ming	1/1
Mr. Jee Wengue	1/1

The major roles and functions of the Remuneration Committee are summarized as follows:

1. To make recommendations with respect to the remuneration of the Executive Directors and the senior management of the Company; and
2. To review the remuneration package and recommend salaries, bonuses, including the incentive awards for Directors and senior management.

During the year, the Remuneration Committee has reviewed and recommended to the board the overall remuneration policy for the directors and key senior management.

NOMINATION COMMITTEE

The Nomination Committee of the Company comprises an Executive Director, Mr. Fu Jie Pin and two Independent Non-executive Directors, Mr. Tang Cheung Fai and Mr. Jee Wengue. Mr. Fu Jie Pin is the chairman of the Nomination Committee.

During the year, one meeting was held. The attendance of each member is set out as follows:

Directors	Number of attendance
Mr. Fu Jie Pin	1/1
Mr. Tang Cheung Fai	1/1
Mr. Jee Wengue	1/1

The major roles and functions of the Nomination Committee are to review the structure, size and composition of the Board on a regular bases and makes recommendations to the Board regarding any proposed change, identifies individual suitably qualified to become Board members. It is also responsible for accessing the independence of independent non-executive directors and making recommendations to the Board on relevant matters relating to the appointment or reappointment of directors and succession planning for directors.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. In preparing the accounts for the year ended 31st December, 2006, the directors have adopted suitable accounting polices which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three Independent Non-executive Directors. Mr. Tang Cheung Fai is the Chairman of the Audit Committee.

The Audit Committee shall meet at least twice a year. The minutes of the Audit Committee meetings were kept by the Company Secretary. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The attendance of each member of Audit Committee is set out as follows:

Director	Number of attendance
Mr. Tang Cheung Fai	2/2
Mr. Lam Ping Cheung	1/2
Mr. Jee Wengue	2/2
Mr. Tong Ka Ming	1/2

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31st December, 2006.

AUDITORS' REMUNERATION

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

Services rendered	Fees paid/payable HK\$'000
Audit services	880
Non-audit services:	
Review on 2006 interim results	150

COMMUNICATION WITH SHAREHOLDERS

The Company encourages shareholders to participate in shareholders' annual general meeting, in which the directors will be on hand to answer questions by shareholders on the business operations.