

Prior to the listing of the shares of the Company on the Main Board of the HKSE on 9 December 2004, the Group was committed to improving its corporate governance structure. Internally, the Group enhanced its internal management and overall operating efficiency. Externally, the Group increased its transparency by the disclosure of more corporate information and the implementation of open corporate governance concepts, so that it could become a listed enterprise, reaching international corporate governance standards.

BOARD OF DIRECTORS

The Board of the Company comprises seven Directors, three of them are independent non-executive Directors and four of them are executive Directors. The independent non-executive Directors have accumulated extensive experience in the textile industry and in the area of professional management. Ms. Zhu Lanfen is currently the vice president of the council of 中國棉紡織行業協會 (China Cotton Textile Industry Association). Professor Cheng Longdi is an academic committee member of the cotton textile profession committee of the China Society of Textile Engineering. He is also the committee member of the expert committee of China Textile Planning Institute of Construction. Mr. Ting Leung Huel, Stephen, is an accountant in public practice in Hong Kong and an independent non-executive director of numerous listed companies in Hong Kong.

AUDIT COMMITTEE

The Company has established an audit committee which is mainly responsible for reviewing and supervising the Group's financial reporting process and internal control system and provides advice and suggestions to the Board. The audit committee comprises three independent non-executive Directors. The audit committee holds regular meetings every year to review the financial performance of the Group and to ensure that the financial figures presented by the Company to its shareholders are accurate and reliable.

REMUNERATION COMMITTEE

The Company has established a remuneration committee, which is responsible for formulating and making recommendation to the Board on the Group's policy and structure for all the remunerations of the Directors and senior management and on the establishment of a formal and transparent procedures for developing policy on such remuneration. The remuneration committee comprises three independent non-executive Directors and Mr. Hong Tianzhu, the Chairman and an executive Director of the Company. The committee holds regular meetings every year and provides advice and suggestions to the Board.

CORPORATE TRANSPARENCY AND RELATIONSHIP WITH INVESTORS

The Group announces its interim and annual results periodically and releases information on corporate development from time to time in order to enhance its communication with shareholders. The Group endeavours to keep close contacts with investors and will regularly meet investors, analysts and the media so as to gather their opinions on the Group's business development and to enhance the recognition and transparency of the Group.