

The Group is committed to high standards of corporate governance. To accomplish this, the Group exercises corporate governance through the following Boards and Committee:

1. BOARD OF DIRECTORS

The Board of Directors comprises the Chairman, Deputy Chairman, both Executive and Non-Executive Directors. The Board of Directors is principally accountable to the shareholders and is responsible for overall management of the Company.

The Board of Directors meets formally four times a year and has formal procedures on matters for consideration and decision. The Board of Directors has delegated the responsibility for the day to day management of the Group's operation to an Executive Board.

The current members of the Board are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Chan Kai Nang, Mr. William Lo Chi Chung, Ms. Paddy Tang Lui Wai Yu, Mr. Joseph Chee Ying Keung, Dr. Charles Cheung Wai Bun, Mr. Moses Cheng Mo Chi, Mr. James Ross Ancell and Dr. William Yip Shue Lam.

2. EXECUTIVE BOARD

The Executive Board consists of Executive Directors and is principally accountable to the Board of Directors on day to day management of the Group's operation. The Executive Board meets regularly and monitors the operations and acts as mentor management.

The current members of the Executive Board are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Chan Kai Nang, Mr. William Lo Chi Chung, Ms. Paddy Tang Lui Wai Yu and Mr. Joseph Chee Ying Keung.

3. AUDIT COMMITTEE

In compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in force prior to 31st December 2004, the Directors have approved the establishment of an audit committee and have formulated its written terms of reference setting out its authority and duties, including the review of matters concerning the Group's financial reporting process.

The current members of the Audit Committee are Dr. Charles Cheung Wai Bun (Chairman), Mr. Moses Cheng Mo Chi and Mr. James Ross Ancell.

The Audit Committee meets at least twice a year for review of annual results and interim results. Our Audit Committee Members are vocal and they bear a high degree of individual responsibility. To ensure that the Group is run in an open and transparent manner, the Committee has recommended the review of the Group's interim financial information by auditors.

The Group's particular efforts to lay the seeds of corporate governance in its Mainland operations have reaped favourable results. We made our Mainland staff aware of the internal policies and control system and by all means, enforce them. Our Mainland management has become more disciplined and accommodating towards compliance with the Group's internal policies and control system. Embodiment of good practice standards not only in Hong Kong, but also in our Mainland investments, aligns with the Group's long term strategies.

4. INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has, pursuant to Rule 3.13 of the Listing Rules, received from each of the Independent Non-executive Directors an annual confirmation of his independence and still considers each of them to be independent.

5. CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers issued by the Stock Exchange (the "Code") as its code of conduct for securities transactions by Directors. The Company, having made specific enquiry of all Directors, confirms that its Directors have complied with the standard set out in the Code and the Company's own code.

6. PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of the annual report, there was a sufficient public float of the Company.

For the year ended 31st December 2004, the Company has complied with the Code of Best Practice issued by the Stock Exchange in force prior to 31st December 2004.