

The Group is committed to high standards of corporate governance. To accomplish this, the Group exercises corporate governance through the Boards and Committee itemized 1 to 3 below:

### 1. BOARD OF DIRECTORS

The Board of Directors comprises the 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 day to day management of the Group's operation to an Executive Board.

The current Board comprises Dr. Lui Che Woo (Chairman), Mr. Francis Lui Yiu Tung, Mr. Lennon Lun Tsan Kau, Mr. Eddie Hui Ki On, Mr. William Lo Chi Chung and Ms. Paddy Tang Lui Wai Yu, being Executive Directors; Mr. Michael Leung Man Kin and Dr. Philip Wong Kin Hang, being Non-Executive Directors and Sir David Akers-Jones, Dr. Leo Lee Tung Hai, Dr. Robin Chan Yau Hing, Dr. Charles Cheung Wai Bun and Mr. Robert George Nield, being Independent Non-Executive Directors.

### 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 operations. The Executive Board meets regularly and has formal procedures for consideration and operations.

The current members of the Executive Board are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Lennon Lun Tsan Kau, Mr. Eddie Hui Ki On, Mr. William Lo Chi Chung and Ms. Paddy Tang Lui Wai Yu.

### 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. Michael Leung Man Kin and Mr. Robert George Nield.

The Audit Committee meets at least twice a year for review of the audited annual accounts and the unaudited interim accounts. Matters considered include the Company's financial reporting, the nature and scope of audit reviews, systems of internal control and compliance and financial risk management.

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.

### 4. INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Fees for the Directors, including the Independent Non-Executive Directors and audit committee members are proposed by the Board and then approved by shareholders at annual general meeting.

### 5. CHAIRMAN AND MANAGING DIRECTOR

The roles and responsibilities are segregated from, and performed respectively by, the Chairman and Managing Director of the Company.

### 6. CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year, the Company 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 on all Directors, confirms that its Directors have complied with the standard set out in the Code from the above adoption.

### 7. 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 prescribed public float of the issued shares of the Company under the Listing Rules.

### 8. COMPETING BUSINESS

Dr. Lui Che Woo, and also Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu, through a family trust directly or indirectly, are also interested in companies engaged in the business of property investment and development in Hong Kong. As the Board of Directors of the Company is independent of the boards of these companies, the Group is therefore capable of carrying on its business independently of, and at arm's length from, the business of these companies.

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.