

2. Under Code Provision A.4.1, the non-executive directors should be appointed for a specific term, subject to re-election. One of the independent non-executive directors of the Company is not appointed for specific terms, but are subject to retirement by rotation at the general meetings in accordance with the Company's memorandum and articles of association.

The Board will review in the current year and propose any amendment, if necessary, to ensure compliance with the Code Provisions on Corporate Governance as set out in the Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. To comply with the new requirement under the Code of Corporate Governance Practices, new terms of reference for the audit committee was adopted on 26 July 2005. The audit committee comprises the three independent non-executive directors of the Company. The present members of the audit committee are Mr. Lok Shing Kwan, Sunny, Mr. Chiang Chi Kin, Stephen and Mr. Chan Kin Sang. Mr. Lok Shing Kwan, Sunny is the chairman of the Committee.

REMUNERATION COMMITTEE

The Company establishes a remuneration committee with written terms of reference on 26 July 2005 pursuant to the provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 of the Listing Rules. The primary role of the remuneration committee is to ensure that there is a formal and transparent procedure adopted by the Company for developing policies on, and for overseeing, the remuneration packages of all the directors of the Company. The remuneration committee comprises the three independent non-executive directors of the Company. The present members of the remuneration committee are Mr. Lok Shing Kwan, Sunny, Mr. Chiang Chi Kin, Stephen and Mr. Chan Kin Sang. Mr. Lok Shing Kwan, Sunny is the chairman of the committee.