

C O R P O R A T E G O V E R N A N C E

R E P O R T

The Board is committed to promoting good corporate governance to safeguard the interests of the shareholders and to enhance the Group's performance. Throughout the year, the Company was in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). The Directors have complied with the standard set out in the Model Code throughout the year ended 31st December 2005.

Board of Directors

The Board of Directors ("Board") of the Company provides leadership and supervises the overall direction of the Group's businesses. The day to day management however has been delegated to the Executive Directors.

The Board comprises seven Directors; four Executive Directors and three Independent Non-Executive Directors. One of the Independent Non-Executive Directors possesses the appropriate professional accounting qualifications or related financial management expertise as required under the Listing Rules.

Each of the Independent Non-Executive Directors has made an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules.

The Board meets regularly, at least four times per year, to review financial statements, material investments in new projects, dividend policy, major financings, treasury policy and changes in accounting policy. All Directors have access to board papers and related materials which are provided on a timely manner. The Company Secretary keeps the minutes of Board meetings.

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The attendance of individual Directors to Board meetings in 2005 is summarized below :

Executive Directors		Attendance
Mr. Yun Cheng Wang	Senior Managing Director	4/4
Mr. Hung Ching Yung, JP	Managing Director	4/4
Mr. Lincoln C.K. Yung, JP	Deputy Managing Director	4/4
Ms. Jennie Chen	Director	4/4
Independent Non-Executive Directors		
Mr. Rudolf Bischof	Chairman of the Board	4/4
Mr. James Julius Bertram	Director	3/4
Mr. Robert Tsai To Sze	Director	3/4

Mr. Rudolf Bischof is the Chairman of the Board and an Independent Non-Executive Director. Mr. Hung Ching Yung is the Chief Executive Officer of the Group.

Mr. Yun Cheng Wang is the brother-in-law of Mr. Hung Ching Yung and Mr. Hung Ching Yung is the father of Mr. Lincoln C. K. Yung.

The Independent Non-Executive Directors are appointed for a specific term and are subject to retirement by rotation.

Remuneration Committee

The Remuneration Committee was established by the Board on 25th May 2005. The Committee consists of the three Independent Non-Executive Directors and the Senior Managing Director and the Managing Director.

The Committee met twice in 2005. Attendance of individual Directors is listed below :

		Attendance
Mr. James Julius Bertram - Chairman		
	of Remuneration Committee	2/2
Mr. Rudolf Bischof		2/2
Mr. Yun Cheng Wang		2/2
Mr. Hung Ching Yung, JP		2/2
Mr. Robert Tsai To Sze		2/2

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The principal duty of the Committee is to review and make recommendations to the Board on the Group's policy and structure for all remuneration of Directors and senior management. In doing this, professional advice may be sought if considered necessary. No Directors or any of his/her associates is involved in deciding his/her own remuneration.

Auditors' Remuneration

For the year ended 31st December 2005, fees payable to the auditors of the Group for audit and non-audit services amounted to HK\$820,000 and HK\$755,000 respectively.

Audit Committee

The Audit Committee was established by the Board on 25th September 1998. The Committee consists of the three Independent Non-Executive Directors, Mr. Robert Tsai To Sze FCA, FCPA, Mr. Rudolf Bischof and Mr. James Julius Bertram.

The Committee met twice in 2005. Attendance of individual Directors is listed below :

	Attendance
Mr. Robert Tsai To Sze FCA, FCPA - Chairman of the Audit Committee	2/2
Mr. Rudolf Bischof	2/2
Mr. James Julius Bertram	1/2

By reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants and the Code Provision C3.3 of the Code on Corporate Governance Practices, Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong, written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted by the Board of the Company on 30th June 2005. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

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During 2005, the Audit Committee met to review the 2004 annual report and accounts and the 2005 interim report and accounts and held discussions with the external auditors regarding financial reporting, compliance, scope of audit, policies for maintaining independence and reported to the Board.

Directors' Responsibility Statement

The Directors acknowledge their responsibility for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Group's annual results and interim results are announced in a timely manner.

The Auditors' Report to the shareholders states the auditors' reporting responsibilities.

On behalf of the Board

Rudolf Bischof
Chairman

Hong Kong, 4th April 2006