

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintain sound corporate governance standard and procedures to ensure integrity, transparency and quality of disclosure in order to promote the ongoing development of the best long term interest of the Company and enhance value for all the Shareholders.

The articles of association of the Company (the "**Articles**") and the terms of reference of the audit committee and the remuneration committee form the framework for the code of corporate governance practices of the Company. The Board has reviewed its corporate governance documents and is of the view that other than Code A.1.3, A.2.1 and A.4.1, such documents have incorporated the principles and code provisions in the "Code on Corporate Governance Practices" (the "**CG Code**") as set out in Appendix 14 to the Listing Rules.

Under Code A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all Directors an opportunity to attend. Two of the board meetings held during the year were convened by a notice of less than 14 days. Nevertheless, presence of all Directors was secured for these two meetings.

Under Code A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr Lim Wa is the chairman and the chief executive officer of the Company. The Board considers that the intensive experience of Mr Lim Wa in the edible oil industry is instrumental to the Group's operation and that it may not be in the best interest of the Group to separate the roles of the chairman and the chief executive officer. Nonetheless, the Group will review the relevant code provision from time to time and may comply with it if the Directors consider it appropriate to do so.

Under Code A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive Directors are, however, not appointed for specific terms but are subject to retirement and re-election at each annual general meeting of the Company in accordance with the Articles.

Other than the deviations mentioned above, the Board is of the view that the Company has complied with the code provisions of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions.



The Company has made specific enquiry of all Directors of any non-compliance with the Model Code during the financial year ended 31 December 2005, and they have all confirmed their full compliance with the required standard as set out in the Model Code.

THE BOARD

The major responsibilities of the Board include formulation of strategic plans, adoption of corporate strategies, assessment of investment projects, monitoring and controlling the Group's operating and financial performance, assessment and management of risk to which the Group is exposed.

Composition

The Board consists of seven Directors, with four executive Directors, namely Mr Lim Wa, Mr Lam Cham, Mr Li Xiao Ning and Mr Ding Ming Shan, three independent non-executive Directors, namely Professor Xiao Zhuo Ji, Dr Wong Lung Tak, Patrick, J.P. and Mr Chan Kin Sang. Mr Lim Wa is the Chairman and Chief Executive Officer of the Company.

The Company has appointed a sufficient number of independent non-executive Directors with suitable professional qualifications, such as expertise in accounting and financial management, in accordance with the requirements of the Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules.

In 2005, the Company held five Board meetings, with an average participation rate of 83%. The attendance of individual Directors at Board meetings during the year was:

Name of Directors	Meetings attended/held
Mr Lim Wa	5/5
Mr Lam Cham	5/5
Mr Li Xiao Ning	5/5
Mr Ding Ming Shan	5/5
Professor Xiao Zhuo Ji	3/5
Dr Wong Lung Tak, Patrick, J.P.	3/5
Mr Chan Kin Sang	3/5

Details of the meetings are recorded by a designated officer.

The total remuneration of the Directors in 2005 amounted to HK\$6,514,000. Independent non-executive Directors are only entitled to receive director's fees but not other salaries or remuneration. The remuneration (including share based payments) of each Director for the year was as follows:

Name of Directors	HK\$
Mr Lim Wa	1,219,000
Mr Lam Cham	2,262,000
Mr Li Xiao Ning	961,000
Mr Ding Ming Shan	1,372,000
Professor Xiao Zhuo Ji	300,000
Dr Wong Lung Tak, Patrick, J.P.	200,000
Mr Chan Kin Sang	200,000

For the financial year ended 31 December 2005, no share options had been granted to any of the Directors under the Share Option Scheme adopted by the Company.

BOARD COMMITTEES

Audit committee

An audit committee (the "**Audit Committee**") has been established under the Board. The Audit Committee's duties are mainly to review the Company's financial reports, consider the appointment of independent auditors and approve audit and audit-related services, and supervise the Company's internal financial reporting procedures and management policies.

The Audit Committee comprised three independent non-executive Directors, namely Professor Xiao Zhuo Ji, Dr Wong Lung Tak, Patrick, J.P. and Mr Chan Kin Sang. Dr Wong Lung Tak, Patrick, J.P. is the Chairman of the Audit Committee.

At least two meetings of the Audit Committee will be convened annually to review the accounting policies, internal control and the relevant financial and accounting issues, so as to ensure fairness and accuracy of the Company's financial statements and other relevant information. In 2005, the Audit Committee held two meetings with an average participation rate of 100%. All members of the Audit Committee attended all meetings during the year.



Remuneration committee

A remuneration committee (the “**Remuneration Committee**”) was established on 16 September 2005. The Remuneration Committee consists of two independent non-executive Directors, Dr Wong Lung Tak, Patrick, J.P. and Mr Chan Kin Sang, and one executive Director, Mr Lim Wa. The Company had formulated written terms of reference for the Remuneration Committee in accordance with the requirements of the Listing Rules.

The Remuneration Committee is responsible for ensuring formal and transparent procedures for developing remuneration policies and in overseeing remuneration packages of the Directors. It takes into consideration factors such as salaries and compensation packages paid by comparable companies, time commitment and responsibilities of Directors. It would also take into account whether the emoluments offered are appropriate to the duties and performance of the respective individuals concerned and whether such emoluments are competitive and sufficiently attractive to retain such individuals.

The first meeting of the Remuneration Committee will be held on 2 June 2006.

NOMINATION PROCEDURES AND CRITERIA

The Company has yet to appoint a nomination committee, the establishment of which is a recommended best practice by the Stock Exchange. Current Board practice of appointment of new directors is that all valid nomination of candidates, accompanied with related details of their biographies, for directorships in the Company would be brought before the Board for consideration. Consideration would be given to factors such as the candidate’s experience and qualifications relevant to the Company’s business. Members of the Board would collectively have the required professional knowledge and skills in discharging the Board’s responsibility in identifying, recruiting and evaluating new nominees to the Board and the assessment of qualifications of nominated candidates for directorship.

DIRECTORS’ RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of such financial statements.

The statement of the external auditors of the Company, Messrs KPMG, with regard to their reporting responsibilities on the Company’s financial statements is set out in the Auditors’ Report on page 32.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

For the year ended 31 December 2005, the amount billed by its external auditors, KPMG in respect of services provided to the Company were as follows:

	2005 HK\$'000
Audit services	2,777
Tax compliance	62
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