



CORPORATE GOVERNANCE

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company has complied with all code provisions as set out in Appendix 14 of the Code on Corporate Governance Practices of the Listing Rules throughout the six months ended 30 June 2006.

Audit Committee

The Audit Committee currently comprises three members, all of whom are Independent Non-executive Directors, namely, Mr. Chan Kwok Wai, (Chairman of the Audit Committee), Mr. Leung Man Kit and Mr. Lam Man Sum, Albert. The Audit Committee meets not less than twice a year.

The principal duties of the Audit Committee include to:

- make recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to assess their independence and performance;
- review the effectiveness of financial reporting processes and internal control systems of the Group and to monitor the integrity thereof;
- review the completeness, accuracy and fairness of the Company's financial statements before submission to the Board;
- ensure compliance with the applicable accounting standards and legal and regulatory requirements on financial reporting and disclosures;
- liaise with the Company's Board, senior management and the Company's Qualified Accountant and the Committee, at least once a year, with the Company's auditors;
- establish compliance for and to monitor, receive, retain and handle complaints received by the company regarding accounting, internal controls or auditing matters.

The interim results have been reviewed by the Audit Committee of the Company.



CORPORATE GOVERNANCE *(continued)*

Remuneration Committee

The Remuneration Committee currently comprises three members, all of whom are Independent Non-executive Directors, namely Mr. Leung Man Kit (Chairman of the Remuneration Committee), Mr. Chan Kwok Wai, and Mr. Lam Man Sum, Albert.

The principal duties of the Remuneration Committee include to:

- establish and recommend for the Board's consideration the Company's policy and structure for all remuneration of Directors, senior management and employees of the Company;
- determine the specific remuneration packages of all Executive Directors and senior management;
- review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- review and recommend for the Board's consideration the remuneration packages and compensation arrangements for loss of office by Executive Directors and senior management of the Company.

The Remuneration Committee meets not less than once a year.

Model Code on Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the Directors' securities transactions. The Company has made specific enquiry of all Directors whether they have complied with the Model Code and all Directors confirmed that they have complied with the Model Code for the period ended 30 June 2006.

Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees have been sent to the relevant employees of the Group.