

The Group's annual report for the year ended 31 December 2006 has been reviewed by the Audit Committee of the Company.

The Company is committed to maintaining the highest standard of Corporate Governance Practices. The Company has complied with all the code provisions as set out in Appendix 14 of the Code on Corporate Governance Practices of the Listing Rules (the "code provisions") throughout the accounting period for the year ended 31 December 2006. The Board has adopted all the code provisions as its own Code on 8 September 2006.

### ■ 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 of 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 year ended 31 December 2006.

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

### ■ BOARD COMPOSITION ■

The Board currently comprises a total of six Executive Directors and three Independent Non-Executive Directors. The Executive Directors are Mr. Zhou Chu Jian He (Chairman); Mr. Yiu Yu Keung (Deputy Chairman); Mr. Li Jong Tong, Timothy; Mr. Zhang Xiao Bing, Adam; Mr. Liu Zhongsheng; Mr. Ng Man Chung, Siman. The Independent-Non Executive Directors are Mr. Leung Man Kit; Mr. Chan Kwok Wai; Mr. Lam Man Sum, Albert. Mr. Chan Kwok Wai and Mr. Lam Man Sum, Albert both have appropriate professional qualification in accounting and related financial management expertise.

Details of all Directors and the Chief Executive Officer are given on pages 8 to 10 of this annual report. The relationships (including financial, business, family or other material or relevant relationships) among members of the Board and the Chief Executive Officer are also disclosed. There is no further relationship among members of the Board and the Chief Executive Officer.

Each of the Independent Non-Executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-Executive Directors meet the independence guidelines as set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

### ■ BOARD RESPONSIBILITY ■

The Board is responsible for promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to all shareholders for the manner in which the affairs of the Company are managed. The Directors contributes to the affairs of the Board and the Board always acts in the best interests of the Group.



The Directors are responsible for the preparation of the accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the year ended 31 December 2006, the Directors have selected suitable accounting policies. The Directors are responsible for keeping proper accounting records with reasonable accuracy relating to the financial position of the Group.

The Board delegates day-to-day management of the business of the Group to the management of the relevant principal divisions and certain specific responsibilities to the Audit Committee and Remuneration Committee. The composition and functions of each Committee are described below. These Committees have specific functions and authority to examine issues and report to the Board with their recommendations, (If appropriate). The final decision rests with the Board, unless otherwise provided for in terms of reference of the relevant Committees.

### ■ CHAIRMAN AND CHIEF EXECUTIVE OFFICER ■

The Chairman provides leadership for the Board and ensures that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. All Directors have been consulted about any matters proposed for inclusion in the agenda. The Chairman of the meeting has delegated the responsibility for drawing up the agenda for each Board meeting to the Company Secretary. The Chairman of the meeting ensures that all Directors are properly briefed on issues arising at Board meetings and received adequate and reliable information in a timely manner with the support of the Company Secretary.

The Chief Executive Officer is responsible for managing the businesses of the Group, including the implementation strategies adopted by the Board and assuming full accountability to the Board for the operations of the Group.

### ■ BOARD MEETINGS ■

The Board meets regularly and Board meetings are held at least four times a year at approximately quarterly intervals. Board meetings involve active participation, either in person or through other electronic means of communication, of a majority of Directors entitled to be present. Notice of at least 14 days is given for regular Board meetings. For all other Board meetings, reasonable notice is given. Minutes of Board meetings are recorded in sufficient detail the matters considered by the Board. Directors are given an opportunity to comment on the draft Board minutes. Final version of Board minutes are kept by the Company Secretary and such minutes are opened for inspection by any Director. Directors have access to the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed.

As at the date of this Report, the Board held five meetings on 26 April 2006, 23 June 2006, 8 September 2006, and 15 November 2006 and 24 April 2007.

#### Attendance

##### Executive Directors

Mr. Zhou Chu Jian He ( <i>Chairman</i> ) <sup>(1)</sup>	1/5
Mr. Yiu Ku Keung, George ( <i>Deputy Chairman</i> ) <sup>(2)</sup>	2/5
Mr. Li Jong Tong, Timothy <sup>(3)</sup>	3/5
Mr. Zhang Xiao Bing, Adam	5/5
Mr. Liu Zhongsheng*	1/1
Mr. Ng Man Chung, Siman*	1/1

##### Independent Non-Executive Director

Mr. Leung Man Kit	5/5
Mr. Chan Kwok Wai	5/5
Mr. Lam Man Sum, Albert <sup>(4)</sup>	5/5

Notes:

- (1) Absent on 26 April 2006, 23 June 2006, 8 September 2006 and 24 April 2007.
- (2) Absent on 23 June 2006, 8 September 2006 and 24 April 2007.
- (3) Absent on 26 April 2006 and 15 November 2006.
- (4) Telephone meeting on 24 April 2007.

\*These Directors were appointed on 10 March 2007 and were only entitled to attend one Board meeting held on 24 April 2007.

In addition to regular Board meetings, the Chairman has a meeting with the Independent Non-Executive Directors without the presence of any of the Executive Directors on 15 November 2006.

## AUDITOR'S REMUNERATION

The fee in respect of audit service provided by the external auditors to the Company for the year ended 31 December 2006 was approximately HK\$580,000.

## REMUNERATION COMMITTEE

The Company has established the Remuneration Committee on 15 July 2005. The Remuneration Committee comprises the Chairman, Mr. Leung Man Kit, being an Independent Non-Executive Director, and two Independent Non-Executive Directors, namely Mr. Chan Kwok Wai, and Mr. Lam Man Sum, Albert.

The principle responsibility of the Remuneration Committee includes making recommendation to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board. The emoluments of Directors are based on the skill and contribution in the Company's affairs and are determined by reference to duties and responsibilities of the Executive Directors after considering the Group's performance and the prevailing market situations including salaries paid by comparable companies. No Director is involved in determining his own remuneration. Terms of reference of the Remuneration Committee are available at the Company's website.



Particulars of the emoluments to the Directors are set out in note 10 of the financial statements.

As at the date of this Report, the Remuneration Committee held a meeting on 18 December 2006 to discuss the Group's remuneration policy.

	Attendance
<b>Independent Non-Executive Directors</b>	
Mr. Leung Man Kit	1/1
Mr. Chan Kwok Wai	1/1
Mr. Lam Man Sum, Albert	1/1

The following is a summary of the work for the Remuneration Committee during the meeting:

1. review of the remuneration policy for the year 2006; and
2. review of the remuneration packages for all Executive Directors and senior management.

The Remuneration Committee has consulted the Chief Executive Officer about the proposal relating to the remuneration packages and other human resources issues of the Directors and senior management.

## ■ AUDIT COMMITTEE ■

The Audit Committee was established on 10 November 1999. The Audit Committee comprises the Chairman, Mr. Chan Kwok Wai, being an Independent Non-Executive Director, and two Independent Non-Executive Directors, namely 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, re-appointment 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 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.

As at the date of this Report, the Audit Committee held seven meetings on 24 April 2006, 4 August 2006, 8 September 2006, 8 November 2006, 28 November 2006, 19 January 2007, and 24 April 2007.

	Attendance
<b>Independent Non-Executive Directors</b>	
Mr. Leung Man Kit <sup>(1)</sup>	6/7
Mr. Chan Kwok Wai	7/7
Mr. Lam Man Sum, Albert <sup>(2)</sup>	7/7

Notes:

- (1) Absent on 8 November 2006.
- (2) Telephone meeting on 24 April 2007.

The following is a summary of the work of the Audit Committee:

- review of the financial reports for the year ended 31 December 2005, for the six months ended 30 June 2006 and for the year ended 31 December 2006;
- consideration and approval of the 2006 audit fees;
- review of the effectiveness of the internal control system;
- review and comment on the internal control reports;
- review and comment on the finance position of the group; and
- review of the discloseable and connected transactions.

## ■ INTERNAL CONTROL ■

The Board recognizes its responsibility for maintaining an adequate internal control system to safeguard the assets of the Group and the interests of shareholders. Annual reviews on the internal control system for the Group (which exclude the 49%-jointly controlled entity, Wuhan Plaza Management Co., Ltd.) have been conducted by the management and reviewed by the Board in November 2006 and February 2007. The Audit Committee has made recommendations to the Board and is satisfied that nothing has come to its attention to cause the Audit Committee to believe that the internal control system is inadequate. Periodic review will be made to monitor the effectiveness of the internal control system of the Group.

## ■ INVESTOR RELATIONS ■

The Company continues to promote and enhance investor relations and communication with its investors. Shareholders investors and members of the public are able to access up-to-date corporate information and events relating to the Company's website.