

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Directors' securities transactions

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules regarding securities transactions by directors on terms no less exacting than the required standard. Having made specific enquiry of all directors, all directors have confirmed that they had complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions during the period.

Board of Directors

The main duty of the board of directors is to act in good faith for the benefit of the Company as a whole with proper delegation to the management of the Company according to the Articles of the Association of the Company.

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Isao Matsushima	(appointed on 25 July 2005)
Masashi Ono	(appointed on 9 June 2005)
Sosuke Kawanishi	(appointed on 4 October 2005)
Osamu Nakano	(appointed on 4 October 2005)
Kwok King Yan Edmund	(appointed on 11 November 2005)
Ryutao Okada	(appointed on 2 December 2005)

本公司已於年內已遵守聯交所證券上市規則（「上市規則」）附錄14所載之最佳應用守則。

董事進行證券交易

本公司已就董事進行證券交易訂立標準守則，其條款不比於上市規則附錄10所載之規定寬鬆。在對董事作出特定查詢後，所有董事均已確認，彼等已於期內一直遵守該標準守則之規定，以及就董事進行證券交易之標準守則。

董事會

董事會的主要職責是以公司整體利益真誠行事，並根據本公司組織章程正確地授予管理層職能。

年內，截至本報告日期為止，本公司之董事如下：

執行董事

松島庸	（於二零零五年七月二十五日獲委任）
小野雅司	（於二零零五年六月九日獲委任）
川西崇介	（於二零零五年十月四日獲委任）
中野治	（於二零零五年十月四日獲委任）
郭敬仁	（於二零零五年十一月十一日獲委任）
岡田隆太郎	（於二零零五年十二月二日獲委任）

Independent non-executive directors:

Sun Juyi	
Chiu Ching Katie	(appointed on 9 June 2005)
Hin Ya Ha	(appointed on 9 June 2005)

The term of the independent non-executive directors is one year and eligible for re-election.

The directors resigned during the year are :

Executive directors

Kiyohisa Nanri	(appointed on 4 October 2005 and resigned on 18 April 2006)
Chen Lawrence	(appointed on 9 June 2005 and resigned on 25 July 2005)
Oe Tadayuki	(appointed on 9 June 2005 and resigned on 2 November 2005)
Masashi Ono	(appointed on 9 June 2005 and resigned on 2 November 2005)
Akinobu Kataoka	(appointed on 9 June 2005 and resigned on 2 November 2005)
Lao Seng Peng	(resigned on 1 July 2005)
Cai Wei Min	(resigned on 1 July 2005)
Yeh Tung Ming	(resigned on 1 July 2005)
Wong Kin Ping	(resigned on 1 July 2005)

Independent non-executive directors

Chan Sai Kuai	(resigned on 1 July 2005)
Jiang Ming Le	(resigned on 1 July 2005)

獨立非執行董事

孫聚義	
趙菁	(於二零零五年六月九日獲委任)
軒一霞	(於二零零五年六月九日獲委任)

獨立非執行董事的任期為一年，並合資格獲重選。

年內辭任之董事如下：

執行董事

南里清久 (Kiyohisa Nanri)	(於二零零五年十月四日獲委任，並於二零零六年四月十八日辭任)
陳維樑	(於二零零五年六月九日獲委任，並於二零零五年七月二十五日辭任)
大江匡行 (Oe Tadayuki)	(於二零零五年六月九日獲委任，並於二零零五年十一月二日辭任)
小野雅司 (Masashi Ono)	(於二零零五年六月九日獲委任，並於二零零五年十一月二日辭任)
片岡曉伸 (Akinobu Kataoka)	(於二零零五年六月九日獲委任，並於二零零五年十一月二日辭任)
劉勝平	(於二零零五年七月一日辭任)
蔡偉民	(於二零零五年七月一日辭任)
葉東明	(於二零零五年七月一日辭任)
王建平	(於二零零五年七月一日辭任)

獨立非執行董事

陳世貴	(於二零零五年七月一日辭任)
蔣鳴樂	(於二零零五年七月一日辭任)

A total of 34 board meetings had been held in 2005. The following is a summary of the attendance of board meetings of each Director:

於二零零五年，董事會共舉行34次董事會會議。每位董事之出席情況詳見下表：

Director 董事		Board meeting 董事會會議	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會
Isao Matsushima	松島庸	19		
Masashi Ono	小野雅司	13		
Sosuke Kawanishi	川西崇介	10		
Osamu Nakano	中野治	12		
Kwok King Yan Edmund	郭敬仁	8		
Ryutao Okada	岡田隆太郎	3		
Kiyohisa Nanri	南里清久	10		
Sun Juyi	孫聚義	10	21	1
Chiu Ching Katie	趙菁	8	11	1
Hin Yat Ha	軒一霞	8	11	1
Lao Seng Peng	劉勝平	7		
Cai Wei Min	蔡偉民	4		
Yeh Tung Ming	葉東明	5		
Wong Kin Ping	王建平	8	1	
Chan Sai Kuai	陳世貴	2	1	
Jiang Ming Le	蔣鳴樂	2		

The Board regularly met during the year and on an ad hoc basis as required by business needs. The Board's primary purpose is to determine and review the overall strategic development of the Company and to oversee the achievement of the plans in relation thereto. Daily operational decisions are delegated to the Executive Directors.

年內，董事會定期及按業務所需不時舉行會議。董事會的主要功能為制訂及檢討本公司的整體策略發展，以及監督有關計劃之達成。日常營運決策乃授予執行董事。

Chairman and Chief Executive Officer

The Company has no separation of the role of chairman and chief executive officer as set out in the code provision A.2.1. and Mr. Isao Matsushima currently holds both positions. The Company is an investment holding company with a professional management team to monitor the operations of the subsidiaries. The Board believes that the role of Chairman and Chief Executive Officer vested on the same person will be more efficient and consistent in the direction and management of the Company. The Company will review this situation and consider to appoint different persons as Chairman and Chief Executive Officer.

主席及行政總裁

主席及行政總裁之角色並無如守則條文第A.2.1.條所載者區分，而松島庸先生目前兼任兩職。本公司為投資控股公司，擁有專業管理團隊監察附屬公司之業務。董事會相信主席及行政總裁之角色由同一人出任將對本公司之方向及管理更有效及更一致。本公司將審閱此情況及考慮委任不同人士為主席及行政總裁。

Independence of independent non-executive directors

The Company has complied with the Listing Rules relating to the appointment of a sufficient number of independent non-executive directors (“INEDs”) and at least one independent non-executive director with appropriate professional accounting or financial management experience. The Company has received, from each of the INEDs, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent.

The INEDs of the Company are independent of the management and free of any relationship that could potentially interfere with the exercise of their independent judgments. None of the INEDs has any business or financial interests with the Company nor has any relationship with other directors.

Remuneration Committee

The company had established a Remuneration Committee to review with terms of reference in line with the code provisions. A meeting is held to review and evaluate the share options granted to the executive directors and employees of the Company. The terms of reference of the Remuneration Committee is summarized as follows:

- To make recommendations with respect to the remuneration of the Executive Directors and the senior management of the Company for approval by the Board;
- To review the remuneration package and recommend salaries, bonuses, including the incentive awards for Directors and the senior management; and
- To administer and make determinations with regard to the Company's share option scheme.

獨立非執行董事之獨立性

本公司已遵照有關上市規則之規定，委任足夠數目之獨立非執行董事及至少一名擁有適當專業會計或金融管理經驗之獨立非執行董事。本公司已收取每位獨立非執行董事根據上市規則第3.13條之年度確認書。本公司認為全體獨立非執行董事均為獨立人士。

本公司之每位獨立非執行董事均為與管理層並無關係的獨立人士，其獨立判斷不會受到影響。獨立非執行董事概無擁有本公司任何業務或財務權益，亦與其他董事無任何關係。

薪酬委員會

本公司已成立薪酬委員會，以審閱與守則條文一致之職權範圍。召開會議為檢討及評估授予本公司執行董事及僱員之購股權。薪酬委員會之職權範圍如下：

- 提出有關本公司執行董事及高級管理人員薪酬之建議，待董事會批核；
- 檢討薪酬政策及建議薪金、花紅，包括給予董事及高級管理人員之獎勵；及
- 就本公司購股權計劃作出管理及決定。

The remuneration committee annually sets out its recommendations on the remuneration package of the Executive Directors. In determining the package for a Director, the Remuneration Committee considers various factors, including market comparability, complexity of duties, and performance. For financial year ended 31 December 2005, the remuneration committee has reviewed and recommended to the Board the salary packages of the Executive Directors and the senior management.

In order to attract, retain, and motivate executives and key employees serving the Company, the Company has adopted a share option scheme in 2003. Such incentive scheme enables the eligible persons to obtain an ownership interest in the Company and thus to reward the participants who contribute to the success of the Company's operations.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with the Code of Best Practice set out in Appendix 14 of the Listing Rules and adopted with reference to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants. The Audit Committee of the Company comprises all of the three INEDs. Each member brings to the Committee their respective valuable experience in reviewing financial statements and evaluating significant control and financial issues of the Company who among themselves possess a wealth of management experience in the accounting profession, commercial and legal sectors. The Audit committee had held two meetings during the year to review and approve the interim result of 2005 and audited financial statements of 2004 of the Company with the management and external auditor.

The main duties of the Audit Committee are as follows:

- To review the annual financial statements before they are submitted to the Board for approval;
- To make recommendations to the Board on, the appointment, the reappointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditors;

薪酬委員會每年就執行董事之薪酬政策作出建議。在決定董事之薪酬政策時，薪酬委員會考慮不同因素，包括市場之可比較性、職務之複雜性及表現。截至二零零五年十二月三十一日止財政年度，薪酬委員會已檢討執行董事及高級管理人員之薪金政策，並向董事會作出建議。

為招攬、挽留及激勵在本公司供職之行政人員及主要僱員，本公司於二零零三年採納購股權計劃。該等激勵計劃使合資格人員可獲得本公司之所有權權益，從而對本公司業務成功作出貢獻之參與者提供獎勵。

審核委員會

本公司已按照當時上市規則附錄十四所載的最佳應用守則及香港會計師公會刊發的「審核委員會有效運作指引」成立審核委員會並以書面釐定其職權。本公司之審核委員會全由三名獨立非執行董事組成。每位成員貢獻其寶貴的經驗，審核財務報表及評估本公司重大控制及財務事宜。彼等均於會計專業、商界及法律界擁有豐富的管理經驗。審核委員會已於年內與管理層及外聘核數師舉行兩次會議，以審閱及批核本公司二零零五年中期業績及二零零四年經審核財務報表。

審核委員會之主要職務如下：

- 在年度財務報表提呈董事會批核前審閱有關報表；
- 就委任、重新委任及撤換核數師向董事會提出建議，批核外聘核數師的酬金及委聘條款，以及處理任何有關該核數師辭任或解聘的問題；

- To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
 - To review the Company's financial controls, internal controls, and risk management systems;
 - To review the Company's financial and accounting policies and practice;
 - To review and monitor the effectiveness of the internal audit function; and
 - To review the terms and conditions of continuing connected transactions of the Company.
- 按照適用準則，檢討及監察外部核數師的獨立及客觀性，以及核數程序的效用；
 - 檢討本公司的財務控制、內部監控及風險控制系統；
 - 檢討本公司的財務及會計政策及慣例；
 - 檢討及監察內部審核職能的效用；
 - 審閱本公司關連交易的條款及條件。

The Directors acknowledge their responsibilities for preparing the financial statements.

董事會知悉編製財務報表的責任。

Auditor' remuneration

The auditors' remuneration for the year is HK\$850,000 which is related to audit services.

核數師酬金

核數師本年有關核數服務之酬金為850,000港元。

Nomination of Directors

The Board is responsible for considering the suitability of an individual to act as a Director, and approving the terminating and appointment of a Director. The Company has not established a Nomination Committee. The Company does not have any plans to set up a Nomination Committee considering the small size of the Board.

董事之提名

董事會負責考慮個別人士是否勝任董事一職，並負責批核及終止董事委任。本公司並無成立提名委員會。鑒於董事會成員人數不多，本公司目前並無計劃成立提名委員會。

The Chairman/chief executive is responsible for identifying suitable candidates for appointment as a member of the Board when there is a vacancy or an additional Director is considered necessary. The Chairman/chief executive proposes the appointment of such candidates to each member of the Board for Consideration. Each member of the Board will review the qualifications of the relevant candidates for determining the suitability to the Company on the basis of his or her qualifications, experiences and work background.

董事會主席／行政總裁負責物色合適人選出任董事，以填補空缺或在有需要時新增董事名額。主席／行政總裁會向董事會各成員建議合資格人選作考慮。董事會各成員將根據候選人的資歷、經驗及工作背景評估有關人士是否切合本公司的要求。