

本公司董事會（「董事會」）恪守維持高水平的企業管治及商業道德標準的承諾，並堅信此對於維持及提高投資者的信心和增加股東的回報至為重要。為了達到與公司有相關利益者對企業管治水平不斷提升的期望和符合日趨嚴謹的法規要求，以及實踐董事會對堅守優越企業管治的承諾，董事會不斷檢討集團的企業管治守則。

香港聯合交易所有限公司（「聯交所」）發出的《企業管治常規守規》（「企業管治守則」）已於二零零五年一月一日生效。企業管治守則訂明兩個層次的企業管治守則，包括：強制守則條文 — 上市公司必須遵守，或對任何偏離守則條文的情況作出解釋；及建議最佳常規 — 鼓勵上市公司加以遵守但毋需披露偏離常規的情況。除了於本報告內描寫的偏離外，本公司已遵守企業管治守則中的強制守則條文。

董 事 會

董事會肩負向本公司整體提供有效率和負責任的領導。董事會各成員，無論個別或共同地，都必須真誠地以公司及股東的整體利益為前提行事。

董事會由四名獨立非執行董事及三名執行董事組成，並由一位獨立顧問向彼等提出意見。董事會已設立董事委員會，監察本公司不同範疇之事務。本公司之董事會及各董事委員會成員之組成如下，而各委員會的職責於本報告內有進一步之描述。

The board of directors (“Board”) is committed to upholding a high standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining and promoting investors’ confidence and maximizing shareholders’ returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

The Code on Corporate Governance Practices (“CG Code”) issued by The Stock Exchange of Hong Kong Limited (“Stock Exchange”) came into effect on January 1, 2005. The CG Code sets out two levels of corporate governance practices namely, mandatory code provisions that a listed company must comply with or explain its non-compliance, and recommended best practices that listed companies are encouraged to comply with but need not disclose in the case of non-compliance. The Company is in compliance with the mandatory code provisions of the CG Code except for certain areas of non-compliance that are discussed later in this report.

BOARD

The Board is charged with providing effective and responsible leadership for the Company. The directors, individually and collectively, must act in good faith in the best interests of the Company and its shareholders.

The Board comprises four Independent Non-executive Directors and three Executive Directors and is advised by an Independent Board Advisor. The Board has appointed Board Committees to oversee different areas of the Company’s affairs. The composition of the Board and the Board Committees are given below and their respective responsibilities are discussed in this report.

董事會	Board of Directors	審核委員會 Audit Committee	補償委員會 Compensation Committee
獨立非執行董事	Independent Non-executive Directors		
歐文柱先生	Mr. AU Man Chu, Milton	✓	
畢滌凡先生	Mr. Barry John BUTTIFANT	✓	✓
鄺其志先生	Mr. KWONG Ki Chi	✓	
李鵬飛博士	Dr. LEE Peng Fei, Allen	✓	✓
執行董事	Executive Directors		
劉國權先生 (主席及行政總裁)	Mr. LAU Kwok Kuen, Peter (Chairman and Chief Executive)		✓
馮永昌先生	Mr. FUNG Wing Cheong, Charles		
馬灼安先生	Mr. MAH Chuck On, Bernard		
獨立董事會顧問	Independent Board Advisor		
梁覺教授	Professor LEUNG Kwok		✓

董事會訂立本集團之整體策略和方向，及監管和評估本集團其營運與財務上之表現，並檢討本公司之企業管治水平。董事會亦須決定各項公司事宜，其中包括全年及中期業績、重大交易、董事聘任或續聘、股息分派及會計政策。董事會已授權管理委員會負責推行其商業策略及管理本集團之日常商業運作。管理委員會由本公司三位執行董事組成，並對董事會負全責。本公司已為董事及高級管理人員購買合適之責任保險。

為了達至全體董事能盡量出席會議，定期董事會會議的日期會預先計劃。公司秘書協助主席擬訂董事會會議議程，而每位董事均獲邀提出任何擬在會議中討論和動議的事項。董事會會議文件在會議舉行前不少於三天送予所有董事傳閱，以確保彼等可及時地獲得一切有關會議議程之資料。董事在有需要時可尋求獨立專業意見。會議紀錄之初稿及最終定稿亦發送予所有董事供彼等提供意見。於二零零五年，本公司共舉行了五次全體董事會會議；而有關會議之董事出席紀錄如下：

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, and dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to a Management Committee. The Management Committee comprises the three Executive Directors and is fully accountable to the Board. The Company maintains appropriate directors' and officers' liabilities insurance.

Regular Board meetings are scheduled in advance to facilitate fullest possible attendance. The Company Secretary assists the Chairman in setting the agenda of Board meetings and each Director is invited to present any businesses that he wishes to discuss or propose at such meetings. Board papers are circulated to all Directors not less than three days before the Board meetings to ensure timely access to relevant information. Directors may choose to take independent professional advice if necessary. Draft and final versions of minutes are circulated to all Directors for comments. The Company held five full Board meetings in 2005. Attendance of the full Board meetings are as follows:

出席紀錄	Attendance	出席會議次數 No. of meetings attended
歐文柱先生*	Mr. AU Man Chu, Milton*	3/5
畢滌凡先生*	Mr. Barry John BUTTIFANT*	5/5
鄺其志先生*	Mr. KWONG Ki Chi*	4/5
李鵬飛博士*	Dr. LEE Peng Fei, Allen*	5/5
劉國權先生(主席)	Mr. LAU Kwok Kuen, Peter (Chairman)	5/5
馮永昌先生	Mr. FUNG Wing Cheong, Charles	5/5
馬灼安先生	Mr. MAH Chuck On, Bernard	5/5

* 獨立非執行董事

* Independent Non-executive Directors

在二零零五年，主席在沒有執行董事出席下與獨立董事舉行了會議。

In 2005, the Chairman also met with Independent Directors without the presence of the Executive Directors.

各董事會成員之間並沒有財務、業務、親屬或其他重大或相關之關係；惟畢滌凡先生、鄺先生及劉先生同時在某些香港上市公司出任董事職位。畢滌凡先生及鄺先生分別為新昌營造集團有限公司(「新昌」)及新昌管理集團有限公司之替代董事及非執行董事，而劉先生同時亦為新昌之獨立非執行董事。董事會認為，上述之關係不會影響該等董事在執行職責時之獨立判斷及個人誠信。所有獨立董事均為本公司帶來多方面的經驗和專業知識。

The Board members have no financial, business, family or other material/relevant relationships with each other save that Mr. Buttifant, Mr. Kwong and Mr. Lau have common directorship in other listed companies in Hong Kong. Mr. Buttifant and Mr. Kwong serve on the boards of Hsin Chong Construction Group Ltd. ("Hsin Chong") and Synergis Holdings Limited as alternate director and non-executive director respectively; and Mr. Lau serves as an independent non-executive director of Hsin Chong. In the Board's opinion, these relationships do not affect the Directors' independent judgment and integrity in executing their roles and responsibilities. All Independent Directors bring a variety of experience and expertise to the Company.

各獨立非執行董事已根據聯交所證券上市規則(「上市規則」)的規定就其獨立性以書面確認；因此，本公司認為該等董事確屬獨立人士。

Each of the Independent Non-executive Directors has confirmed in writing his independence from the Company in accordance with the guidelines on director independence of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). On this basis, the Company considers all such directors to be independent.

於本報告日，本公司董事之個人資料詳載於本年報第七頁至第十頁。

Biographical details of the Directors of the Company as at the date of this report are set out on pages 7 to 10 of this annual report.

基於董事會的組合及每位董事之技能、學識和專業知識，董事會相信其架構已能恰當地提供足夠之監察，以保障集團和股東的利益。董事會將定期檢討其組合，以確保其在專業知識、技能及經驗方面維持合適的平衡，藉以繼續有效地監管本公司之業務。

Given the composition of the Board and the skills, knowledge and expertise that each Director brings to bear in its deliberations, the Board believes that it is appropriately structured to provide sufficient checks and balances to protect the interests of the Group and the shareholders. The Board will review its composition regularly to ensure that it has the appropriate balance of expertise, skills and experience to continue to effectively oversee the business of the Company.

董事之委任及重選

由於新董事的委任是由董事會全體成員參議，因此本公司沒有成立提名委員會。在提名新董事時，董事會會考慮彼等之專業知識、經驗、誠信及承擔等各方面的資歷。

根據公司細則（「細則」），所有董事（惟主席及/或董事總經理除外）須於本公司之股東週年大會上輪值告退，並接受重選。於年內獲董事會委任之董事亦須在獲委任後之首次股東週年大會上退任，並可膺選連任。再者，於每屆股東週年大會上須有三分之一或（如董事會人數不是三或三的倍數）最接近但不超過三分之一的董事（不包括主席及/或董事總經理）退任。現時，所有獨立非執行董事的指定任期為一年。在七名董事當中，除主席以外餘下六名須輪值告退；在排除年內出現不可預見的辭任或退任的情況下，每名董事的有效任期平均為三年。

現行有關董事退任之細則與企業管治守則有下列之偏離事項：(i)主席及/或董事總經理毋須輪值告退；(ii)獲委任填補臨時空缺的董事須在其獲委任後之首次股東週年大會（而非首次股東大會）上告退並接受股東重選；及(iii)沒有明確地要求每名須輪值告退的董事最少每三年退任一次。

目前，主席及行政總裁之角色同時由一人出任，其原因將於下一部份描述。因此，主席及董事總經理將不受細則中輪值告退的條文所限。就上一段提及之第(ii)及第(iii)項，董事會擬向股東建議於即將在二零零六年五月召開之股東週年大會上動議通過特別決議案修改公司細則以符合相關企業管治守則條文。

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Since the full Board is involved in the appointment of new Directors, the Company has not established a Nomination Committee. The Board will take into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointments.

In accordance with the Bye-Laws of the Company ("Bye-Laws"), all Directors (except the Chairman and/or Managing Director) are subject to retirement by rotation and re-election at annual general meetings of the Company. New Directors appointed by the Board during the year are required to retire and submit themselves for re-election at the first annual general meeting immediately following their appointments. Further, at each annual general meeting, one-third of the Directors (excluding the Chairman and/or Managing Director), or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third are required to retire from office. Currently, all Independent Non-executive Directors are appointed for a specific term of one year. Out of the seven directors, six of them (except the Chairman) are subject to retirement by rotation, and barring unforeseen resignation or retirement during a year, each such Director is effectively appointed for an average term of about three years.

The existing Bye-Laws governing the retirement of Directors deviate from the CG Code provisions in the following aspects: (i) unlike the other Directors, the Chairman and/or Managing Director is not subject to retirement by rotation; (ii) new Directors appointed to fill casual vacancies are subject to election by shareholders at the first annual general meeting instead of the first general meeting after their appointments; and (iii) the Directors who are subject to retirement by rotation are not explicitly subject to retirement at least once every three years.

Presently, the roles of the Chairman and Chief Executive are vested in the same person and the reason for this is addressed in the next section. Accordingly, both the Chairman and the Managing Director will be exempt from any retirement provisions of the Bye-Laws. To address items (ii) and (iii) in the preceding paragraph, the Board shall propose to the Shareholders at the coming annual general meeting to be convened and held in May, 2006 to pass a special resolution amending the Bye-Laws to bring them in compliance with the CG Code.

主 席 及 行 政 總 裁

守則條文規定主席及行政總裁之角色必須分開及不能由同一人出任。本公司主席及行政總裁的角色沒有分開，現時由劉國權先生同時出任此兩個職位。董事會認為由同一人擔任主席及行政總裁之職位能為本集團提供強勢及貫徹之領導，並能更有效策劃及推行長期商業策略以及增加決策過程的效率，以適應不斷改變之環境。董事會同時相信本公司已擁有堅實企業管治架構以確保能有效地監管本公司之管理層。該架構的主要內容包括：

- 董事會之成員大部為獨立非執行董事；
- 審核委員會之成員全部為獨立非執行董事；
- 補償委員會成員大部份為獨立非執行董事和獨立董事會顧問；
- 確保獨立非執行董事可自由及直接地接觸本公司之外聘核數師及內部審計師，並在有需要時尋求獨立專業意見；
- 設立「密函檢舉」機制，允許員工以匿名和機密形式向內部審計部主管舉報高級管理人員包括主席及行政總裁的欺詐及不當的行為；及
- 在「密函檢舉」機制下，內部審計部主管會調查所有欺詐及不當行為的舉報，並將密函作絕對機密處理以及在足夠理據支持下轉介該等密函予本公司之獨立非執行董事作進一步行動。

CHAIRMAN AND CHIEF EXECUTIVE

The code provision stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. The Company does not have a separate Chairman and Chief Executive and Mr. Lau Kwok Kuen, Peter currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive in the same person provides the Group with strong and consistent leadership, allows for more effective planning and execution of long-term business strategies and enhances the efficiency of decision-making process in response to the changing environment. The Board also believes that the Company already has a strong corporate governance structure appropriate for its circumstances in place to ensure effective oversight of management. The main elements of this structure include:

- Having Independent Non-executive Directors comprising a majority of the Board;
- Having the Audit Committee composed exclusively of Independent Non-executive Directors;
- Having Independent Non-executive Directors and the independent Board Advisor comprising a majority of the Compensation Committee;
- Ensuring that Independent Non-executive Directors have free and direct access to both the Company's external and internal auditors and independent professional advice where necessary;
- Having a "whistle-blowing" mechanism in place to allow the Group's staff members to anonymously and confidentially report any suspected acts of fraud or gross misconduct by senior management, including that of the Chairman and Chief Executive, to the Head of Internal Audit; and
- Under the "whistle-blowing" mechanism, the Head of Internal Audit will investigate any reports of suspected acts of fraud or gross misconduct with the strictest confidence and refer the reports to the Company's Independent Non-executive Directors for further action should sufficient grounds exist for such referral.

董事會相信上述之設定和安排能確保獨立非執行董事繼續有效地提導本集團之管理層和監管有關策略、風險和誠信的重要決策。董事會將不斷檢討本集團企業管治架構的成效，用以評估是否需要作任何修改。

審 核 委 員 會

審核委員會由四名獨立非執行董事組成，並由畢滌凡先生出任主席；彼為一位在處理財務報表及監控方面具資深經驗的合資格會計師。審核委員會負責委任外聘核數師、審閱本集團之財務資料、監察本集團之財務報表系統和內部監控程序等事宜。該委員會在評核本集團中期及全年業績後才向董事會作出建議是否批准有關業績。審核委員會定期舉行會議，審閱財務報告及內部監控等事宜，並可不受限制地與本公司之外聘核數師及內部審計師接觸。審核委員會的職權範圍可供索取及已載於本公司之網站。

於二零零五年，審核委員會共舉行了兩次會議，全體成員均有出席。於有關會議上，該委員會與外聘核數師審閱截至二零零四年十二月三十一日止全年業績和截至二零零五年六月三十日止六個月中期賬目；及檢討本集團內部審計部的工作，與有關業務運作的內部審計報告及其調查結果和建議。

審核委員會亦檢討本集團根據企業管治守則之要求而實行的企業管治措施之進度。

The Board believes that these measures will enable our Independent Non-executive Directors to continue rigorously supervising the Group's Management and to provide effective control of key issues relating to strategy, risk and integrity. The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes are necessary.

AUDIT COMMITTEE

The Audit Committee comprises all of the four Independent Non-executive Directors and is chaired by Mr. Buttifant, a qualified accountant with extensive experience in financial reporting and controls. It is responsible for appointment of external auditors, review of the Group's financial information and oversight of the Group's financial reporting system and internal control procedures. It is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. It meets regularly to review financial reporting and internal control matters and to this end has unrestricted access to both the Company's external and internal auditors. Its terms of reference are available on request and also accessible on the Company's website.

In 2005, the Audit Committee held two meetings with full attendance. At the meetings, it reviewed the final results for the year ended December 31, 2004 and the interim accounts for the six months ended June 30, 2005 respectively with the external auditors; and also the activities of the Group's internal audit function and the internal audit report on business operations, its findings and recommendations.

It also reviewed the Company's progress in implementing the corporate governance requirements as set out in the CG Code.

補 償 委 員 會

補償委員會由二名獨立非執行董事、一名獨立董事會顧問及主席組成，負責檢討及批准董事及高級管理人員之酬金及福利。於每次會議開始時，委員會成員會選出其中一名成員為會議主席。補償委員會的職權範圍可供索取及已載於本公司之網站。

於二零零五年，補償委員會舉行了兩次會議，檢討主席之服務合約事宜及確定公司按主席表現所發放的花紅。所有補償委員會成員（除主席外）均有出席該等會議；而主席為免涉及任何利益衝突則避席。

管 理 委 員 會

董事會已授權管理委員會負責推行其商業策略及管理本集團的日常商業運作。管理委員會由三位執行董事所組成及對董事會負全責。

董 事 就 財 務 報 表 所 承 擔 之 責 任

董事負責監督每個財政期間會計賬目的編製，以確保該賬目能夠真實和公平地反映該期間本集團財政狀況、業績與現金流量。本公司會計賬目之編製均符合所有有關之法規及合適的會計準則。董事有責任確保選擇和連貫地應用合適之會計政策以及作出審慎和合理的判決及估計。

COMPENSATION COMMITTEE

The Compensation Committee, composed of two Independent Non-executive Directors, the Independent Board Advisor and the Chairman, is responsible for reviewing and determining the compensation and benefits of the directors and senior management. The committee members elect one of them to take the chair at the commencement of each meeting. Its terms of reference are available on request and also accessible on the Company's website.

In 2005, the Committee held two meetings to review the Chairman's service contract and to confirm the Chairman's performance bonus. All the members of the Compensation Committee attended the meetings except the Chairman who absented himself to avoid any conflict of interests.

MANAGEMENT COMMITTEE

The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to a Management Committee. The Management Committee comprises the three Executive Directors and is fully accountable to the Board.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable.

內部監控

董事會全權負責維持本集團健全和有效的內部監控系統，包括界定管理架構及其相關的權限以協助集團達至商業指標、保管資產以防未經授權之使用或處理、確定適當的會計紀錄得以保存並可提供可靠的財務資料供內部使用或對外發放，並確保符合相關法例與規則。上述監控系統旨在合理地(但並非絕對地)保證並無重大失實陳述或損失，並管理(但並非完全消除)本集團營運系統的失誤及未能達標的風險。

內部審計部在本集團的內部監控事宜上擔當重要角色。該部門直接向董事會主席匯報，同時可不受限制地檢討本集團各方面的事務及內部監控事宜，並就管理層或審核委員會關注的範疇進行特別審核。審核委員會可與內部審計部主管直接和自由地接觸而毋須知會主席或管理層。

核數師之酬金

本集團付予與法定審核有關工作的核數師酬金為港幣三百萬元(二零零四年：港幣三百萬元)，其中港幣二百萬元是付予本集團主要核數師羅兵咸永道會計師事務所的核數師酬金。

本集團就主要核數師羅兵咸永道會計師事務所和其關連機構所提供的服務支付費用如下：

(以港幣百萬元為單位)

法定審核
非審核服務

總數

INTERNAL CONTROL

The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

The Internal Audit Department plays a major role in monitoring the internal control of the Group and reports directly to the Chairman. It has unrestricted access to review all aspects of the Group's activities and internal controls. It also conducts special audits of areas of concern identified by Management or the Audit Committee. The Audit Committee has free and direct access to the Head of the Internal Audit Department without reference to the Chairman or Management.

AUDITORS' REMUNERATION

Total auditors' remuneration in relation to statutory audit work of the Group amounted to HK\$3 million (2004: HK\$3 million), of which a sum of HK\$2 million was paid to the Group's principal auditor, PricewaterhouseCoopers.

The remuneration paid to the Group's principal auditor, PricewaterhouseCoopers, and its affiliated firms, for services rendered is broken down below:

(In HK\$ millions)

Statutory audit
Non-audit services

Total

2005

2
-

2

2004

2
1

3

證 券 交 易 的 標 準 守 則

有關董事進行之證券交易，本公司已採納了一套與上市規則之規定同樣嚴格之董事進行證券交易的行為守則。經具體查詢後，每位董事均確認於本年度內已遵守本公司證券交易的行為守則。

本公司亦已採納了一套對擁有及得悉影響股價之敏感資料的員工進行證券交易的行為守則。

社 會 責 任

本集團致力成為成功及負責任之企業公民。因此，我們除了竭力為我們的顧客提供優質的產品及服務，及為我們的股東提交持續優良的業績外，我們亦致力替我們營業的社區營造一個正面的影響。為了達成此目標，本集團積極支持各慈善機構及其活動；確保為我們生產製成品的勞工得到公平的對待及尊重；以及任何時候透過為環境設想的方式達成我們的目標。

與 投 資 者 及 股 東 之 關 係

本集團之高級管理人員透過多樣化的方式如路演、個別訪問及會議與投資者、分析員、基金經理及傳媒保持緊密之溝通。本集團亦對投資者索取資料之要求和提問作出回應。

董事會亦歡迎股東對影響本集團的事項提出意見，並鼓勵他們出席股東大會，藉以直接地向董事會或管理層反映他們關注的事項。

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct governing securities transactions by directors on terms no less exacting than that required by the Listing Rules. Following a specific enquiry, each of the Directors confirmed that he complied with the code of conduct for transactions in the Company's securities throughout the year.

The Company has also adopted a code of conduct governing securities transactions by employees who may possess or have access to price sensitive information.

SOCIAL RESPONSIBILITY

The Group is committed to being a successful and responsible corporate citizen. As such, we are committed not only to delivering quality products and service to our customers and strong and sustained financial performance to our shareholders. We are also committed to creating a positive impact in the communities where we conduct business. We aim to achieve this by, amongst others, supporting charitable organizations and causes; by ensuring that the workers producing our products are treated with fairness and respect; and at all times achieving our goals through environmentally friendly means.

INVESTOR AND SHAREHOLDER RELATIONS

The Group's senior management maintains close communications with investors, analysts, fund managers and the media by various channels including roadshows, individual interviews and meetings. The Group also responds to requests for information and queries from the investors.

The Board also welcomes the views of shareholders on matters affecting the Group and encourages them to attend shareholders' meetings to communicate any concerns they might have with the Board or Management directly.