

企業管治報告

Corporate Governance Report

本公司致力於切合實際之範圍內維持高水平之企業管治，以強調高透明度、問責性及獨立性為原則。本公司董事會（「董事會」）相信優良之企業管治對本公司之成功及提升股東價值至為重要。

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The board of directors of the Company (the “Board”) believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders’ value.

企業管治常規守則

根據已於二零零五年一月一日起生效之香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載之企業管治常規守則（「企業管治守則」），董事會已審閱本公司之企業管治常規，並已採納及改進多項程序及檔案，詳情載於本報告內。除下文解釋之若干已闡明原因之偏離行為外，於截至二零零五年十二月三十一日止年度，本公司已應用企業管治守則之原則及遵守適用之守則條文。

CODE ON CORPORATE GOVERNANCE PRACTICES

In the light of the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) which came into effect on 1st January, 2005, the Board has reviewed the corporate governance practices of the Company with the adoption and improvement of the various procedures and documentation which are detailed in this report. The Company has applied the principles of and complied with the applicable code provisions of the CG Code during the year ended 31st December, 2005, except for certain deviations as specified with considered reasons for such deviations as explained below.

董事會

董事會目前由七名董事組成，其成員載列如下：

THE BOARD

The Board currently comprises seven Directors and its composition is set out as follows:

執行董事：

黃清海（總裁及行政總裁）
高成明（副總裁）
李志剛

Executive Directors:

Ng Qing Hai (*President and Chief Executive Officer*)
Ko Sing Ming (*Vice-President*)
Li Chi Kong

非執行董事：

李兆忠

Non-Executive Director:

Lee Siu Chung, Steven

獨立非執行董事：

陳靜
金惠志
李澤雄

Independent Non-Executive Directors (“INEDs”):

Chen Ching
Jin Hui Zhi
Li Chak Hung

董事會 (續)

董事之履歷詳情載於第18至21頁之「董事及高級行政人員履歷」一節內。

非執行董事(大部分為獨立非執行董事)為本集團提供廣泛之專業知識及經驗。彼等積極參與董事會及委員會會議，對本集團之策略、表現及管理程序之事宜提供獨立判斷，並顧及全體股東之利益。

本公司之三名獨立非執行董事佔董事會人數多於三分之一。根據上市規則第3.10條，至少一名獨立非執行董事必須具備適當之專業資格或會計或相關財務管理專業知識。董事會已接獲每名獨立非執行董事有關其獨立性之年度確認書，並認為所有獨立非執行董事均具備上市規則第3.13條所載之指引下之獨立性。

董事會定期召開會議，討論本集團之整體策略以及營運及財政表現，並審閱及批准本集團之全年及中期業績。於年內，已舉行四次董事會會議，各董事之出席情況如下：

THE BOARD (Continued)

The brief biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" section on pages 18 to 21.

The Non-Executive Directors (a majority of whom are independent) provide the Group with a wide range of expertise and experience. Their active participation in Board and committee meetings brings independent judgment on issues relating to the Group's strategy, performance and management process, taking into account the interests of all shareholders.

The Company has three INEDs representing more than one-third of the Board. At least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Board has received from each INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, and to review and approve the Group's annual and interim results. During the year, four Board meetings were held and attendance of each Director at the Board meetings is set out as follows:

		出席／舉行 董事會會議次數 Number of Board meetings attended/held
執行董事：	Executive Directors:	
黃清海 (總裁及行政總裁)	Ng Qing Hai (President and Chief Executive Officer)	4/4
高成明 (副總裁)	Ko Sing Ming (Vice-President)	4/4
李志剛	Li Chi Kong	4/4
非執行董事：	Non-Executive Director:	
李兆忠	Lee Siu Chung, Steven	4/4
獨立非執行董事：	INEDs:	
陳靜	Chen Ching	1/4
金惠志	Jin Hui Zhi	1/4
李澤雄	Li Chak Hung	4/4

董事會(續)

經董事會決定或考慮之事宜包括本集團整體策略、全年營運預算、全年及中期業績、董事委任或重新委任之建議、重大合約及交易，以及其他重大政策及財務等事宜。董事會已將日常職責委派予行政管理人員，並由執行委員會(其具有明確之書面職權範圍)指示/監督。董事會及本公司管理層之職能已分別確立並以書面列載，且已於二零零五年六月獲董事會批准。董事會將每年對上述職能作出檢討。

董事會會議預定為約每季及按業務需要而舉行。召開董事會會議一般會給予全體董事至少十四天之通知，以便彼等皆有機會提出商討事項列入會議議程。公司秘書協助主席編製會議議程，以及確保已遵守所有適用規則及規例。議程及隨附之董事會文件一般在舉行定期董事會會議(及就可行情況下，其他董事會會議)前三天發呈全體董事。每份董事會會議記錄之初稿於提交下一次董事會會議審批前，先供全體董事傳閱並提出意見。所有會議記錄均由公司秘書保存，並供任何董事於發出合理通知時，於任何合理時間內查閱。

每位董事有權查閱董事會文件及相關資料，及可向公司秘書尋求意見及服務。董事會及各董事亦可個別及獨立地接觸本公司之高級行政人員。董事將獲持續提供上市規則及其他適用監管規定之最新發展之資料，以確保彼等遵守及秉持優秀企業管治常規。此外，書面程序已於二零零五年六月制定，讓各董事在履行其職務時，可在適當之情況下尋求獨立專業意見，有關合理費用由本公司承擔。

THE BOARD (Continued)

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, recommendations on Directors' appointment or re-appointment, material contracts and transactions as well as other significant policy and financial matters. The Board has delegated the day-to-day responsibility to the executive management under the instruction/supervision of the Executive Committee which has its specific written terms of reference. The respective functions of the Board and management of the Company have been formalised and set out in writing which was approved by the Board in June 2005. The Board will review the same once a year.

Board meetings are scheduled to be held at approximately quarterly intervals and as required by business needs. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the Company Secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, a written procedure was established in June 2005 to enable the Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

主席及行政總裁之角色

本公司現時並無在任主席。本公司之總裁兼行政總裁(「行政總裁」)黃清海先生負責本集團之業務營運，以及實踐本集團之策略以求達致整體業務之目標，並兼任主席之部分職務，此構成與企業管治守則之守則條文A.2.1所述主席與行政總裁之角色應有區分，並不應由同一人同時兼任兩職有所偏離。

為遵守此守則條文，本公司正考慮於本集團內部或以外物色一位具備領導才能、知識、技能及資歷之合適人選擔任董事會主席一職。主席與行政總裁之職能已以書面區分，並於二零零五年六月獲董事會批准。

董事之委任及重選

於二零零五年六月，董事會已設立並採納一套以書面列載之提名程序(「提名程序」)，具體列明本公司董事候選人之挑選及推薦程序及準則。執行委員會應以提名程序所載之該等準則(如恰當資歷、個人專長及投放時間等)作為基礎向董事會物色及建議人選以予批准委任。

新董事在獲委任後將會取得一套入職資料文件，載有所有主要法律及上市規則規定，以及有關董事應遵守之責任及義務之指引。資料文件亦包括本公司最新公佈之財務報告及董事會採納之企業管治常規文件。高級管理人員其後將於有需要時提供說明，以為新董事提供本集團業務及活動之詳細資料。

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company does not at present have a Chairman. Mr. Ng Qing Hai, being the President and Chief Executive Officer (“CEO”) of the Company, is responsible for running the business of the Group and implementation of the Group’s strategy in achieving the overall commercial goals as well as part of the duties of Chairman which constitute a deviation from the code provision A.2.1 of the CG Code that the roles of chairman and CEO should be separate and should not be performed by the same individual.

To comply with this code provision, the Company is considering the appointment of a Chairman of the Board if a candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group. The division of responsibilities between the Chairman and CEO has been set out in writing and approved by the Board in June 2005.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In June 2005, the Board has established and adopted a written nomination procedure (the “Nomination Procedure”) specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Executive Committee shall, based on those criteria as set out in the Nomination Procedure (such as appropriate experience, personal skills and time commitment etc.), identify and recommend the proposed candidate to the Board for approval of an appointment.

New Directors, on appointment, will be given an induction package containing all key legal and Listing Rules’ requirements as well as guidelines on the responsibilities and obligations to be observed by a director. The package will also include the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. The senior management will subsequently conduct such briefing as is necessary to give the new Directors more detailed information on the Group’s businesses and activities.

董事之委任及重選 (續)

於二零零五年六月二十二日前，本公司之非執行董事概無固定任期，惟須按照本公司細則之相關條文輪值退任。根據本公司細則，於本公司每屆股東週年大會上，三分之一當時在任之董事(或，倘其人數並非三之倍數，則最接近但不超過三分之一之數目)須輪值退任，惟本公司董事會主席及/或董事總經理不須按此規定輪值退任。再者，任何填補臨時空缺而獲委任之董事或為董事會新增成員僅可任職至下屆股東週年大會為止，屆時彼可膺選連任。

為全面遵守企業管治守則之守則條文A.4.1，本公司所有非執行董事之委任已於二零零五年六月二十二日設指定任期，直至二零零六年十二月三十一日止，惟須輪值退任，並由本公司股東重選連任。此外，為確保全面遵守企業管治守則之守則條文A.4.2，本公司將於應屆股東週年大會上向本公司股東提呈批准有關修訂本公司細則，以使(i)任何獲委任填補臨時空缺之董事須於其委任後首次股東大會上接受股東重選；及(ii)每位董事須至少每三年輪值退任一次。

APPOINTMENT AND RE-ELECTION OF DIRECTORS (Continued)

The Non-Executive Directors of the Company had no fixed term of office prior to 22nd June, 2005, but retired from office on a rotational basis in accordance with the relevant provisions of the Company's Bye-laws. According to the Bye-laws of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) should retire from office by rotation, provided that the Chairman of the Board and/or the Managing Director of the Company should not be subject to retirement by rotation. Further, any Director appointed to fill a casual vacancy or as an addition to the Board should hold office only until the next following annual general meeting and should then be eligible for re-election at that meeting.

To fully comply with the code provision A.4.1 of the CG Code, all Non-Executive Directors of the Company were appointed for a specific term on 22nd June, 2005 which shall continue until 31st December, 2006, but subject to retirement by rotation and re-election by the shareholders of the Company. In addition, to ensure full compliance with the code provision A.4.2 of the CG Code, relevant amendments to the Bye-laws of the Company will be proposed for approval by the shareholders of the Company at the forthcoming annual general meeting of the Company so that (i) any Director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the Company's first general meeting after the appointment; and (ii) every Director shall be subject to retirement by rotation at least once every three years.

董事委員會

董事會已成立多個委員會，包括薪酬委員會、審核委員會及執行委員會，並以書面具體列明其職權範圍。所有委員會之會議記錄及決議案均由公司秘書保存，並提供副本予全體董事會成員傳閱，而各委員會需按其決定及建議(倘適合)向董事會匯報。董事會會議之程序及安排(於上文第30頁「董事會」一節提述)已按可行情況下在每次委員會會議上採納。

薪酬委員會

為遵守企業管治守則之守則條文B.1.1，薪酬委員會已於二零零五年六月成立。該委員會目前由三名成員組成，包括陳靜先生(主席)、金惠志先生及李澤雄先生，彼等均為獨立非執行董事。薪酬委員會獲提供充裕資源以履行其職務，並可按本公司政策在有需要時尋求獨立專業意見。

薪酬委員會之主要角色及職能如下：

- (i) 檢討董事之薪酬政策及待遇並向董事會建議，及(倘適合)就本公司其他執行董事薪酬相關之委員會建議，諮詢主席(如有)及／或行政總裁；
- (ii) 透過參照董事會不時批准之公司宗旨及目標以檢討並建議按表現釐定之薪酬；
- (iii) 檢討並建議向執行董事支付與任何喪失或終止職務或委任有關之賠償；

BOARD COMMITTEES

The Board has established various committees, including a Remuneration Committee, an Audit Committee and an Executive Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations where appropriate. The procedures and arrangements for a Board meeting, as mentioned on page 30 in the section "The Board" above, have been adopted for the committee meetings so far as practicable.

Remuneration Committee

The Remuneration Committee has been established in June 2005 in order to comply with the code provision B.1.1 of the CG Code. It currently consists of three members, including Messrs. Chen Ching (Chairman), Jin Hui Zhi and Li Chak Hung, all of whom are INEDs. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

The major roles and functions of the Remuneration Committee are:

- (i) to review and recommend to the Board the remuneration policy and packages of the Directors and, where appropriate, to consult the Chairman (if any) and/or CEO about the committee's proposals relating to the remuneration of other Executive Directors;
- (ii) to review and recommend performance-based remuneration by reference to corporate goals and objectives approved by the Board from time to time;
- (iii) to review and recommend the compensation payable to Executive Directors relating to any loss or termination of their office or appointment;

董事委員會(續)

薪酬委員會(續)

- (iv) 檢討並建議因董事行為失當而解僱或罷免有關董事所涉及之賠償安排；及
- (v) 確保概無董事參與釐定其本身之薪酬。

為遵守企業管治守則之守則條文B.1.3，本公司已於二零零五年六月採納薪酬委員會之職權範圍，惟就該守則條文在薪酬委員會須釐定上市公司所有執行董事及高級管理人員之特定薪酬待遇之職責方面有所偏離。董事會認為，本公司薪酬委員會僅會就執行董事(不包括高級管理人員)之薪酬待遇作出檢討(而非釐定)，並僅向董事會作出建議，理由如下：

- (i) 董事會認為薪酬委員會並不適宜評估高級管理人員之表現，而有關評估程序由執行董事執行將更為有效；
- (ii) 薪酬委員會成員僅由獨立非執行董事組成，彼等來自不同行業、具有不同背景，或會對本公司經營之行業並不完全熟悉，且並無參與公司之日常運作。彼等對有關業界慣例及薪酬待遇之標準亦可能無直接認識。故此，薪酬委員會並不適宜釐定執行董事之薪酬；

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

- (iv) to review and recommend compensation arrangements relating to dismissal or removal of Directors for misconduct; and
- (v) to ensure that no Director is involved in deciding his own remuneration.

The terms of reference of the Remuneration Committee of the Company were adopted in June 2005 to comply with the code provision B.1.3 of the CG Code, but with a deviation from the code provision of the remuneration committee's responsibilities to determine the specific remuneration packages of all executive directors and senior management of a listed company. The Board considers that the Remuneration Committee of the Company should review (as opposed to determine) and make recommendations to the Board on the remuneration packages of Executive Directors only and not senior management for the following reasons:

- (i) the Board believes that the Remuneration Committee is not properly in a position to evaluate the performance of senior management and that this evaluation process is more effectively carried out by the Executive Directors;
- (ii) the Remuneration Committee members only consist of INEDs who may not be industry skilled and come from differing professions and backgrounds and they are not involved in the daily operation of the Company. They may have little direct knowledge of industry practice and standard compensation packages. The Remuneration Committee is thus not in a position to properly determine the remuneration of the Executive Directors;

董事委員會 (續)

薪酬委員會 (續)

- (iii) 執行董事必須負責監管高級管理人員，因而須有權力操控彼等之薪酬；及
- (iv) 執行董事並無理由向高級管理人員支付高於業界標準之薪酬，而彼等釐定其薪酬待遇可減省支出，將有利於股東。

為全面遵守企業管治守則之守則條文B.1.4，薪酬委員會之職權範圍按要求而公開，並於本公司網站成立後將資料上載。

薪酬委員會每年須至少召開一次會議。於二零零五年已舉行一次委員會會議，以審議及討論董事之現行薪酬政策及架構，執行董事及非執行董事之薪酬待遇，而各成員之出席情況如下：

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

- (iii) the Executive Directors must be in a position to supervise and control senior management and thus must be able to control their compensation; and
- (iv) there is no reason for Executive Directors to pay senior management more than industry standards and thus shareholders will benefit by reducing costs in the fixing of such compensation packages.

The terms of reference of the Remuneration Committee shall be made available to the public on request and by including the information on the Company's website once it is set up to ensure full compliance with the code provision B.1.4 of the CG Code.

The Remuneration Committee shall meet at least once a year. One committee meeting was held in 2005 to review and discuss the existing policy and structure for the remuneration of Directors, the remuneration packages of both the Executive and Non-Executive Directors and the attendance of each member is set out as follows:

委員會成員	Committee member	出席／舉行 委員會會議之次數 Number of Committee meeting attended/held
陳靜 (主席)	Chen Ching (Chairman)	1/1
金惠志	Jin Hui Zhi	1/1
李澤雄	Li Chak Hung	1/1

董事委員會(續)

薪酬委員會(續)

除委員會會議外，薪酬委員會亦於二零零五年內透過傳閱方式處理事宜。應付董事之薪酬將視乎薪酬委員會向董事會提供之建議獲批准後，並按各自之僱傭或服務合約內之條款而釐定。董事薪酬之詳情載於財務報表附註8。本集團薪酬政策詳情亦載於管理層討論及分析第15頁「僱員及薪酬政策」一節內。

本公司已於二零零二年五月採納一項購股權計劃以吸引、延攬及推動本集團高級行政人員及主要僱員(包括執行董事)。購股權計劃詳情載於董事會報告第46頁及財務報表附註26。

審核委員會

審核委員會自二零零一年八月成立，目前由四名非執行董事組成，其中三名為獨立非執行董事。為保持獨立性及客觀性，審核委員會由一名具備合適專業資格或會計或相關財務管理專業知識之獨立非執行董事擔任主席。審核委員會之現有成員為李澤雄先生(主席)、陳靜先生、金惠志先生及李兆忠先生。審核委員會獲提供充裕資源以履行其職務，並可按本公司之政策在有需要時尋求獨立專業意見。

審核委員會之主要角色及職能：

- (i) 考慮外聘核數師之委任、重新委任及罷免，並向董事會提供建議，以及批准外聘核數師之薪酬及聘用條款，並處理任何有關該等核數師辭任或辭退該等核數師之問題；

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

In addition to the Committee meeting, the Remuneration Committee also dealt with matters by way of circulation during 2005. The remuneration payable to Directors will depend on their respective contractual terms under their employment or service contracts as approved by the Board on the recommendation of the Remuneration Committee. Details of the Directors' remuneration are set out in note 8 to the financial statements. Details of the remuneration policy of the Group are also set out in the "Employees and Remuneration Policies" section in the Management Discussion and Analysis on page 15.

In order to attract, retain and motivate the senior executives and key employees of the Group, including the Executive Directors, the Company has adopted a share option scheme in May 2002. Details of the share option scheme are set out in the Directors' Report on page 46 and note 26 to the financial statements.

Audit Committee

The Audit Committee has been established since August 2001 and currently consists of four Non-Executive Directors, three of whom are INEDs. To retain independence and objectivity, the Audit Committee has been chaired by an INED with appropriate professional qualifications or accounting or related financial management expertise. The current members of the Audit Committee are Messrs. Li Chak Hung (Chairman), Chen Ching, Jin Hui Zhi and Lee Siu Chung, Steven. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The major roles and functions of the Audit Committee are:

- (i) to consider and recommend to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of those auditors;

董事委員會 (續)

審核委員會 (續)

- (ii) 考慮及與外聘核數師討論每年核數之性質及範疇；
- (iii) 檢討及監察外聘核數師之獨立性及客觀性；
- (iv) 於中期及全年財務報表提交董事會前先行審議；
- (v) 商議就中期審閱及最終核數而產生之任何問題及保留事項，及外聘核數師擬商討之任何事宜；
- (vi) 審議外聘核數師之致管理層函件及管理層之回應；
- (vii) 檢討本集團之財務監控、內部監控及風險管理制度；及
- (viii) 考慮董事會授予內部監控事項之主要調查之任何發現以及管理層之回應。

為遵守企業管治守則之守則條文C.3.3，本公司審核委員會之職權範圍已於二零零五年六月作出修訂，惟就該守則條文在審核委員會之職責方面有所偏離：

- (i) 執行委聘外聘核數師提供非核數服務之政策；
- (ii) 確保管理層已履行其職責建立有效之內部監控系統；及
- (iii) 確保內部與外聘核數師之工作得到協調，也須確保內部核數功能在上市公司內部獲得足夠資源運作，並且有適當之地位。

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

- (ii) to consider and discuss with the external auditors the nature and scope of each year's audit;
- (iii) to review and monitor the external auditors' independence and objectivity;
- (iv) to review the interim and annual financial statements before submission to the Board;
- (v) to discuss any problems and reservation arising from the interim review and final audit, and any matters the external auditors may wish to discuss;
- (vi) to review the external auditors' management letters and management's response;
- (vii) to review the Group's financial controls, internal control and risk management systems; and
- (viii) to consider any findings of major investigations of internal control matters as delegated by the Board and management's response.

The terms of reference of the Audit Committee of the Company were revised in June 2005 to comply with the code provision C.3.3 of the CG Code, but with the deviations from the code provision of the audit committee's responsibility to:

- (i) implement policy on the engagement of the external auditors to supply non-audit services;
- (ii) ensure the management has discharged its duty to have an effective internal control system; and
- (iii) ensure coordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the listed company.

董事委員會(續)

審核委員會(續)

董事會認為本公司審核委員會應就委聘外聘核數師提供非核數服務之政策作出建議(而非執行)，理由如下：

- (i) 由董事會及其下設之委員會制定政策及作出合適之建議乃屬恰當及合適；
- (ii) 由執行董事及管理層執行該政策及建議乃屬恰當及合適之機制；及
- (iii) 獨立非執行董事並不適宜執行日常之政策及跟進工作。

此外，董事會認為審核委員會僅具備監察(而非確保)管理層已履行其職責建立有效之內部監控系統之有效能力。由於上述事宜涉及日常監控及僱用全職專家，因此審核委員會並沒有確保上述事宜獲得執行之能力。審核委員會並非確保內部和外聘核數師之工作得到協調之人選，惟其可推動上述事宜。同樣，審核委員會不可確保內部核數功能獲得足夠資源運作，惟可檢閱其是否獲得足夠資源運作。

為全面遵守守則條文C.3.4，審核委員會經修訂之職權範圍將按要求而公開，並於本公司網站成立後將資料上載。

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The Board considers that the Audit Committee of the Company should recommend (as opposed to implement) the policy on the engagement of the external auditors to supply non-audit services for the following reasons:

- (i) it is proper, and appropriate for the Board and its committees to develop policy and make appropriate recommendations;
- (ii) the proper and appropriate mechanism for implementation of such policy and recommendations is through the Executive Directors and management; and
- (iii) INEDs are not in an effective position to implement policy and follow up the same on a day-to-day basis.

Further, the Board considers that the Audit Committee of the Company only possesses the effective ability to scrutinize (as opposed to ensure) whether management has discharged its duty to have an effective internal control system. The Committee is not equipped to ensure that the same is in place as this would involve day-to-day supervision and the employment of permanent experts. The Audit Committee is not in a position either to ensure coordination between the internal and external auditors but it can promote the same. Similarly, the Committee cannot ensure that the internal audit function is adequately resourced but it can check whether it is adequately resourced.

The revised terms of reference of the Audit Committee shall be made available to the public on request and by including the information on the Company's website once it is set up to ensure full compliance with the code provision C.3.4 of the CG Code.

董事委員會 (續)

審核委員會 (續)

審核委員會每年須至少召開兩次會議。於二零零五年已舉行兩次委員會會議，而各成員之出席情況如下：

委員會成員	Committee member	出席／舉行 委員會會議之次數 Number of Committee meetings attended/held
李澤雄 (主席)	Li Chak Hung (Chairman)	2/2
陳靜	Chen Ching	2/2
金惠志	Jin Hui Zhi	0/2
李兆忠	Lee Siu Chung, Steven	2/2

於二零零五年舉行之會議，審核委員會已履行之工作概述如下：

- (i) 檢討及批准外聘核數師建議之本集團截至二零零四年十二月三十一日止年度之年終審核(「二零零四年年終審核」)及截至二零零五年六月三十日止六個月之中期業績審閱(「二零零五年中期審閱」)之核數範圍及費用；
- (ii) 檢討外聘核數師之二零零四年年終審核結果之報告，以及對截至二零零四年十二月三十一日止年度取得聯交所授予豁免之關連交易之核數師報告；
- (iii) 檢討外聘核數師就二零零五年中期審閱之獨立審閱報告；及
- (iv) 檢討截至二零零四年十二月三十一日止年度及截至二零零五年六月三十日止六個月之財務報告。

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The Audit Committee shall meet at least twice a year. Two committee meetings were held in 2005 and the attendance of each member is set out as follows:

Committee member	出席／舉行 委員會會議之次數 Number of Committee meetings attended/held
Li Chak Hung (Chairman)	2/2
Chen Ching	2/2
Jin Hui Zhi	0/2
Lee Siu Chung, Steven	2/2

During the meetings held in 2005, the Audit Committee had performed the work as summarised below:

- (i) reviewed and approved the audit scope and fees proposed by the external auditors regarding the final audit of the Group for the year ended 31st December, 2004 (the "2004 Final Audit") and for the interim results review for the six months ended 30th June, 2005 (the "2005 Interim Review");
- (ii) reviewed the external auditors' report of finding in relation to the 2004 Final Audit and the auditors' report on the connected transactions for the year ended 31st December, 2004 where waivers had been granted by the Stock Exchange;
- (iii) reviewed the external auditors' independent review report in relation to the 2005 Interim Review; and
- (iv) reviewed the financial reports for the year ended 31st December, 2004 and for the six months ended 30th June, 2005.

董事委員會(續)

執行委員會

執行委員會自二零零四年十二月成立，目前由三名執行董事組成，包括黃清海先生(主席)、高成明先生及李志剛先生。執行委員會獲授予本公司董事會所獲授關於本集團業務活動的所有一般管理及控制權，惟根據執行委員會之書面職權範圍須留待董事會決定及批准之該等事宜除外。

執行委員會於有需要時舉行會議，以討論本集團之營運事宜，亦可透過傳閱文件方式處理事宜。其主要負責處理及監察日常管理事宜，並有權：

- (i) 制定及落實有關本集團之商業活動、內部監控及行政政策；及
- (ii) 規劃及決定就本集團商業活動將予採納之策略。

董事及相關僱員進行證券交易之守則

本公司已採納上市規則附錄十所載《上市發行人董事進行證券交易的標準守則》(「標準守則」)，作為其董事進行證券交易之行為守則。經本公司作出特定查詢後，全體董事已確認彼等已遵照標準守則所載之所規定之標準。

為遵守企業管治守則之守則條文A.5.4，本公司亦已於二零零五年六月採納標準守則，藉此對本公司及其附屬公司之部分僱員(彼等被視為可能知悉有關本公司或其證券之未刊發及價格敏感資料)就本公司之證券買賣作出規管。

BOARD COMMITTEES (Continued)

Executive Committee

The Executive Committee has been established since December 2004 and currently consists of three Executive Directors, being Messrs. Ng Qing Hai (Chairman), Ko Sing Ming and Li Chi Kong. The Executive Committee is vested with all the general powers of management and control of the activities of the Group as are vested in the Board of the Company, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive Committee.

The Executive Committee will meet as and when necessary to discuss the operating affairs of the Group and may also deal with matters by way of circulation. It is mainly responsible for undertaking and supervising the day-to-day management and is empowered:

- (i) to formulate and implement policies for the business activities, internal control and administration of the Group; and
- (ii) to plan and decide on strategies to be adopted for the business activities of the Group.

CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

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 code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code.

To comply with the code provision A.5.4 of the CG Code, the Company has also adopted in June 2005 the Model Code, to regulate dealings in the securities of the Company by certain employees of the Company and its subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company or its securities.

問責及核數

財務匯報

於財務部之協助下，董事確認彼等編製本集團財務報表之責任。截至二零零五年十二月三十一日止年度之財務報表已按照香港會計師公會頒佈之香港財務報告準則、香港會計準則及詮釋，以及上市規則及公司條例之適用披露規定而編製。

本公司外聘核數師德勤•關黃陳方會計師行之匯報責任載於核數師報告第55及56頁。

外聘核數師之酬金

於年內，已付／應付本公司外聘核數師德勤•關黃陳方會計師行之酬金載列如下：

向本集團提供之服務	Services rendered for the Group	已付／應付費用 Fee paid/payable 港幣千元 HK\$'000
核數服務	Audit services	1,230
非核數服務(包括審閱中期業績、為持續關連交易程序及初步業績公佈所進行的協定程序)	Non-audit services (including review of interim results, agreed-upon procedures for continuing connected transactions and preliminary announcement of results)	250
合計：	Total:	<u>1,480</u>

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility for preparing, with the support from finance department, the financial statements of the Group. In preparing the financial statements for the year ended 31st December, 2005, the requirements of the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Listing Rules and the Companies Ordinance were complied with.

The reporting responsibilities of the Company's external auditors, Messrs. Deloitte Touche Tohmatsu, are set out in the Auditors' Report on pages 55 and 56.

External Auditors' Remuneration

During the year, the remuneration paid/payable to the Company's external auditors, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

與股東之溝通

董事會瞭解與股東保持良好聯繫之重要性。有關本集團之資料乃按時透過多種正式途徑向股東傳達，包括中期報告及年報、公佈及通函。

本公司股東週年大會(「股東週年大會」)乃董事會直接與股東聯繫之寶貴機會。主席於股東週年大會上積極回應任何股東之查詢。主席會就每項在股東週年大會上審議之議題提呈個別之決議案。股東週年大會通函於股東週年大會舉行至少二十一天前發送予全體股東，該通函載列每項擬提呈決議案之詳情、投票程序(包括要求以投票方式進行表決之程序)及其他相關資料。主席於股東週年大會開始時，會再次解釋要求以投票方式進行表決之程序，及(除要求以投票方式表決外)宣佈就每項決議案已接獲委任代表之贊成及反對之票數。

提升企業管治水平

提升企業管治水平並非只為應用及遵守聯交所之企業管治守則，乃為推動及建立道德與健全之企業文化為依歸。吾等將不斷檢討並按經驗、監管變動及發展，於適當時候改善現行常規。本公司歡迎股東提供任何意見及建議以提高本公司之透明度。

代表董事會

行政總裁
黃清海

香港，二零零六年三月二十三日

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars.

The Company's annual general meeting (the "AGM") is a valuable forum for the Board to communicate directly with the shareholders. The Chairman actively participates in the AGM and personally chairs the meeting to answer any questions from the shareholders. A separate resolution is proposed by the Chairman in respect of each issue to be considered at the AGM. An AGM circular is distributed to all shareholders at least 21 days prior to the AGM, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. The Chairman explains the procedures for demanding and conducting a poll again at the beginning of the AGM, and (except where a poll is demanded) reveals how many proxies for and against have been received in respect of each resolution.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code of the Stock Exchange but about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our shareholders are also welcome to promote our transparency.

On behalf of the Board

Ng Qing Hai
Chief Executive Officer

Hong Kong, 23rd March, 2006