

## CORPORATE GOVERNANCE REPORT

## 企業管治報告

The board of Directors (the "Board") of Dawnrays Pharmaceutical (Holdings) Limited (the "Company") believes that corporate governance is essential to the success of the Company and its subsidiaries (collectively referred to as the "Group"). Good corporate governance can safeguard the interests of all shareholders and enhance corporate value. Therefore, the Board has adopted various measures to ensure that a high standard of corporate governance is maintained.

During the year 2005, the Company has given considerable attention to improve its corporate governance. Actions were taken to follow the code provisions set out in the Code on Corporate Governance Practices (the "Code on CGP") 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 1 January 2005.

The Board proposes to put forward a special resolution to the shareholders for approval at the Annual General Meeting (AGM) to be held on 9 May 2006 to amend the Articles of Associations of the Company (the "Articles") to reflect the changes brought by the Listing Rules and to ensure consistency with the other provisions of the Articles.

In the opinion of the Directors, the Company has complied with all code provisions set out in the Code on CGP in Appendix 14 of the Listing Rules on the Stock Exchange for the year ended 31 December 2005.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of all Directors, the Company confirms that all the Directors have complied with the required standard set out in the Model Code, throughout the accounting period covered by the 2005 annual report.

東瑞製葯(控股)有限公司(「本公司」)之董事會(「董事會」)深信企業管治為本公司及其附屬公司(統稱「本集團」)成功的關鍵,良好的企業管治能保障全體股東權益及提升企業價值,因此董事會已採取各項措施,以確保維持高標準的企業管治。

於二零零五年,本公司致力改善企業管治,並已採取相應行動,以符合於二零零五年一月一日起生效的香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄十四之企業管治常規守則(「企業管治守則」)內所載之有關守則條文。

董事會建議於二零零六年五月九日舉行之股東週年大會(「股東週年大會」)中向股東提呈一項特別決議以批准修訂本公司組織章程細則(「組織章程細則」)以反映載於上市規則所帶來的變動並確保與組織章程細則其他條文一致。

董事認為,於截至二零零五年十二月三十一日止年度,本公司一直遵守聯交所上市規則附錄十四之企業管治守則所載之守則規定。

### 董事進行證券交易

本公司已採納上市規則附錄十的上市發行人董事進行證券交易的標準守則(「標準守則」)作為董事買賣本公司證券的行為守則。根據對所有董事作出的特定查詢後,本公司確認所有董事於二零零五年年報覆蓋的會計期內一直遵守標準守則所規定的準則。

## CORPORATE GOVERNANCE REPORT

## 企業管治報告

## THE BOARD

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The management has been delegated the authority and responsibility by the Board for the management of the Group. In addition, the Board has also delegated various responsibilities to the board committees. Further details of these committees are set out in this report.

The Board conducts regular meetings at approximately quarterly intervals. Ad-hoc meetings are convened when circumstance required. The Board had 5 regular scheduled meetings for the year ended 31 December 2005 to consider, among other things, reviewing and approving the interim and annual results of the Group, overall group strategy, major acquisitions and disposals, annual budgets, changes in Board members, remuneration policy of Directors and senior management, approval of major capital transactions and other significant operational and financial matters. The attendance of each Director is set out as follows:

## 董事會

董事會負責領導及監控本公司，並負責監管本集團之業務、策略方針及表現。董事會亦轉授權力及責任予管理層，以管理本集團。此外，董事會亦已將各種職責分派至董事會轄下委員會。該等委員會之詳情載於本報告內。

董事會大約於每季舉行定期會議，並於情況需要時召開特別會議。董事會於截至二零零五年十二月三十一日止年度內已舉行五次定期會議，以考慮(其中包括)審閱及批准本集團中期及全年業績、整體企業策略、重大收購及出售、年度預算、董事會成員變動、董事及高級人員之薪酬政策、批准重大資本交易及其他重大營運及財務事宜。各董事出席率如下：

Directors	董事	No. of regular scheduled meetings attended/held 定期會議出席次數／舉行次數
<i>Executive Directors</i>	<i>執行董事</i>	
Ms. Li Kei Ling ( <i>Chairman</i> )	李其玲女士 (主席)	5/5
Mr. Hung Yung Lai	熊融禮先生	4/5
Mr. Zhang Jing Xing	張京星先生	4/5
Mr. Li Tung Ming	李東明先生	5/5
Mr. Xu Kehan	許克寒先生	5/5
Mr. Lam Kam Wah (Resigned on 22 April, 2005)	林錦華先生 (於二零零五年四月二十二日退任)	2/2
<i>Non-executive Director</i>	<i>非執行董事</i>	
Mr. Leung Hong Man (Appointed on 1 November, 2005)	梁康民先生 (於二零零五年十一月一日獲委任)	1/1
<i>Independent Non-executive Directors</i>	<i>獨立非執行董事</i>	
Mr. Pan Xue Tian	潘學田先生	5/5
Mr. Lee Cheuk Yin Dannis	李卓然先生	2/5
Mr. Choi Tat Ying Jacky	蔡達英先生	4/5

## CORPORATE GOVERNANCE REPORT

## 企業管治報告

At least 14 days notice of regular board meeting is given to all Directors. The agenda and board papers are sent to the Directors at least 3 days before the meetings of the Board and board committees so that the Directors have the time to review the documents. Directors can include matters for discussion in the agenda if the need arises. Minutes of meetings of the Board and board committees are recorded in sufficient details that matters considered and decisions reached. The draft and final versions of the minutes will be sent to Directors within a reasonable time after the meetings. Minutes of meetings of the Board and board committees are kept by the company secretary of the Company and open for inspection on reasonable notice by any Director.

All Directors are entitled to have unrestricted access to the advice and service of the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations are followed. Upon reasonable request and appropriate circumstances, Directors can seek independent professional advice to assist them to discharge their duties, at the Company's expenses.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board had determined to be material, the matter will be dealt with by holding a board meeting with the presence of disinterested Independent Non-executive Directors or a meeting of a board committee set up for that purpose pursuant to a resolution passed in a board meeting.

### BOARD COMPOSITION

The Board comprises nine Directors, of whom five are Executive Directors, one is Non-executive Director and three are Independent Non-executive Directors. The composition met the recommended practice under the Code on CGP for the Board to have at least one-third in number of its members comprising Independent Non-executive Directors. The three Independent Non-executive Directors are persons of high caliber, with academic and professional qualifications in the fields of accounting, business management and pharmaceutical industry respectively. With their experience gained from senior positions held in other companies, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. The biographies of the Directors are set out in pages 28 to 31 to the 2005 annual report, which demonstrates the skills, expertise, experience and qualifications.

董事會定期會議的通告於會議舉行最少十四天前發出予各董事。董事會及其轄下委員會會議的議程及相關會議文件，至少在每次會議三天前送交予各董事，使各董事有時間審閱該等文件。如有需要，董事可在議程中加插欲討論的事項。董事會及其轄下委員會的會議記錄均詳盡記錄會議上考慮事項及達致的決定，並於會議後合理時間內把初稿及最終定稿發送給各董事。董事會及轄下委員會會議記錄由本公司公司秘書存置，並於任何董事發出合理通知時供公開查閱。

所有董事均有權取得公司秘書的意見和服務，以確保董事會程序及所有適用規則及規例均獲得遵守；根據合理要求並在適當情況下，董事可尋求獨立專業意見，以妥善履行彼等之職責，費用由本公司支付。

倘董事會認為主要股東或董事在董事會將予考慮的事項中存有董事會認為屬重大的利益衝突，將以在該事項中本身沒有重大利益的獨立非執行董事出席的董事會議或根據董事會會議通過之決議案就此而成立之董事委員會會議處理。

### 董事會組成

董事會由九名董事組成，其中五位成員為執行董事、一位為非執行董事及三位為獨立非執行董事。其組成情況符合守則所推薦董事會成員最少須有三分之一為獨立非執行董事之做法，三位獨立非執行董事極具才幹，在會計、工商管理及製藥業各範疇擁有學術及專業資歷；加上他們在其他公司擔任高層職位所累積的經驗，對董事會有效地履行其職責上提供強大的支持。各董事履歷載於二零零五年年報第28至31頁，當中載列各董事之技能、專業知識、經驗及資格。

## CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Company has received annual confirmation of independence from the three Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the Independent Non-executive Directors are independent within the definition of the Listing Rules.

Ms. Li Kei Ling, the Chairman of the Company and Mr. Hung Yung Lai, one of the Executive Director are directors and ultimate shareholders of several companies incorporated in Hong Kong and British Virgin Islands. In addition, both Ms. Li and Mr. Hung are directors of three private companies registered in China. Mr. Lee Cheuk Yin Dannis and Mr. Choi Tat Ying Jacky, both are the Company's Independent Non-executive Directors, are also fellow directors of a company listed on the Main Board of Stock Exchange.

Save as disclosed above, the Board members have no financial, business, family or other material/relevant relationships with each other. The balanced Board composition is formed to ensure strong independence exists across the Board which can effectively exercise independent judgement.

### APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

The nomination committee will consider the appointment of new Directors first by reviewing the profiles of the candidates and makes recommendations to the Board. New Directors appointed by the Board during the year to fill a casual vacancy shall retire and submit themselves for re-election at the first general meeting immediately followed their appointment.

Non-executive Directors are appointed for a fixed term of two years and are subject to retirement by rotation and re-election by shareholders at AGM in accordance with the Articles.

At each AGM, one-third of the Directors are required to retire from office according to the Company's Articles. As the Company has nine Directors, one-third of them shall retire subject to rotation, and barring unforeseen resignation/retirement during a year, each Director is effectively appointed for an average term of not more than 3 years. Mr. Zhang Jing Xing, and Mr. Pan Xue Tian being the longest in the office, will retire at the forthcoming AGM. Mr. Leung

本公司已接獲該三名獨立非執行董事根據上市規則第3.13條發出之年度獨立性確認書。董事會已評估彼等之獨立性，並確定全體獨立非執行董事均屬上市規則所界定之獨立人士。

董事會主席李其玲女士及其中一位執行董事熊融禮先生為數家於香港及英屬處女群島註冊成立的私人公司的董事及最終股東。此外，李女士及熊先生為三家於中國註冊的民營公司董事。本公司獨立非執行董事李卓然先生及蔡達英先生同為一間於聯交所主板上市公司的董事。

除上文披露外，董事會成員間並無任何財務、業務、家族或其他重大／相關關係。董事會以如此均衡之架構組成，目的在確保整個董事會擁有穩固之獨立性，能夠有效地作出獨立判斷。

### 委任、重選及罷免董事

新董事之委任先經提名委員會考慮，審閱候選人之履歷後向董事會作出建議。年內獲董事會委任填補臨時空缺之新董事須退任並於緊隨彼等獲委任後之股東大會上膺選連任。

非執行董事的固定委任年期為兩年，並須根據本公司組織章程細則（「組織章程細則」）於股東週年大會（「股東週年大會」）上輪值告退並重選連任。

根據組織章程細則於每屆股東週年大會上，三分之一董事須退任。由於共有九名董事，當中三分之一須輪席告退，因此在排除年內出現不可預見的辭任／退任的情況下，每名董事的有效任期平均為不超過三年。張京星先生及潘學田先生為最長任期者，將於應屆股東週年大會

## CORPORATE GOVERNANCE REPORT

## 企業管治報告

Hong Man who was appointed during the year will retire at the forthcoming AGM. All retiring Directors are eligible for re-election. Mr. Lee Cheuk Yin, Dannis will also retire from office and offer himself for re-election in view of the provisions in paragraph A.4.2 of the Appendix 14 of the Listing Rules, which came into effect on 1 January 2005

Mr. Lam Kam Wah retired from office of Director in the Company's AGM on 22 April 2005 but remains as the Company's Vice President. He has confirmed there is no matter relating to his retirement that will need to bring to shareholders' attention. The Board would like to thank Mr. Lam for his contributions to the Company during the tenure of his service.

### RESPONSIBILITIES OF DIRECTORS

Every newly appointed Director will receive a comprehensive, formal and tailored induction on his first appointment to have a proper understanding of the operations and business of the Group and that he is fully aware of his responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company. The Directors endeavour to give sufficient time and attention to the Group's affairs and are continually updated with legal and regulatory developments, business and market changes and the strategic development of the Group to facilitate the discharge of their responsibilities.

The Independent Non-executive Directors take an active role in Board meetings, contribute to the development of strategies and policies and make sound and independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standard of conduct. They will take lead where potential conflicts of interests arise. They are also members of various board committees and scrutinize the overall performance of the Group in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

上告退。於年內委任之梁康民先生亦將於應屆股東週年大會上告退。所有退任董事均符合資格重選連任。鑑於上市規則附錄14第A.4.2段的條文(於二零零五年一月一日生效)，李卓然先生亦將告退，及願膺選連任。

林錦華先生於二零零五年四月二十二日本公司的股東週年大會上退任董事之職，但仍為本公司副總裁，林先生確認有關他的退任並無任何需向股東提呈注意事宜。董事會對林先生過往於履行董事職務期間對本公司作出的貢獻表示忠心感謝。

### 董事之責任

每位新委任董事均會在首次接受委任時獲得全面、正式兼特為其而設的就任須知，以對本集團之營運及業務有適當理解，以及完全知悉彼在法規及普通法、上市規則、適用之法律規定及其他監管規定以及本公司之業務及管治政策下之職責。董事將致力付出足夠時間及精神以處理本公司事務，並獲持續更新有關法律及規管變更、業務及市場變動以及本集團之策略發展，以便履行彼等之職責。

獨立非執行董事在董事會會議上擔當活躍角色，可為制訂策略及政策作出貢獻，並就策略、政策、表現、問責、資源、重大委任及行為準則事宜作出可靠及獨立之判斷。彼等會於潛在利益衝突出現時發揮牽頭引導作用。彼等亦出任多個董事會轄下委員會之成員，審查本集團在實現議定企業目標及指標時之整體表現，並監察表現之呈報。



## CORPORATE GOVERNANCE REPORT

## 企業管治報告

### SUPPLY OF AND ACCESS TO INFORMATION

The management has the obligation to supply the Board and board committees with adequate information in a timely manner to enable it to make informed decisions on matters placed before it. Where any Director requires more information than is volunteered by the management, each Director has separate and independent access to the Group's management to make further enquires if necessary. Where queries are raised by Directors, management will respond as promptly and fully as possible.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer (the "CEO") are separated and are performed by two separate individuals who have no relationship with each other to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Board has appointed a Chairman, Ms. Li Kei Ling, who has executive responsibilities and provides leadership to the Board such as ensuring all Directors are properly briefed on issues arising at Board meetings and received complete and reliable information in a timely manner so that the Board works effectively and discharges its responsibilities.

The CEO, Mr. Dong Shao Zhi, is delegated with the authority and responsibility for managing the Group's business operation and implementing the development strategies. The CEO will periodically present the updated market situation, long term strategies and objectives of the Group at the Board meeting to ensure all Directors are aware of the targets the Group achieves. The CEO will also present the coming year budget summary to the Board for approval at the Board meeting held in December each year. At the quarterly intervals, the CEO will present the quarterly results to the Board. Variances analysis between the actual performances and the budget targets are explained in the meeting. This helps the Board to monitor the Group's business operations and to amend the targets when required.

### ACCOUNTABILITY AND AUDIT

The management provides explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information put before the approval by the Board.

### 資料之提供及獲取

管理層有責任向董事會及轄下委員會及時提供充足之資料，以供董事會對提呈事項作出知情決定。倘有任何董事要求獲得除管理層自願提供之資料以外之其他資料，董事於必要時可透過不同及獨立途徑接觸管理層，以作出進一步諮詢。若有董事提出問題，管理層將儘快作出全面的回應。

### 主席及行政總裁

本公司主席與行政總裁（「行政總裁」）的角色是分開的，由兩位獨立人士承擔，他們之間沒有任何關係，以確保權力和授權分布均衡，不致工作責任僅集中於一位人士。董事會委任李其玲女士為主席，彼負有執行責任及領導董事會，如確保董事會會議上所有董事均適當知悉當前的事項和及時收到完備可靠的資訊，使董事會有效地運作和履行其職責。

行政總裁董紹志先生獲授予權力和責任管理本集團業務運作及推行發展策略。行政總裁將定期於董事會會議提呈本集團經更新之市場情況、長期策略及目標，此舉旨在保證所有董事獲悉本集團所追求之目標。行政總裁於每年十二月份召開之董事會會議上向董事會提呈下一年度之預算概要，尋求董事會批准。行政總裁並於每一季度向董事會提呈季度業績。會上闡述實際表現與預算目標有所差異之分析，此舉有助董事會監控本集團之業務營運及於必要時修訂目標。

### 問責及核數

管理層向董事會提供有關解釋及資料，令董事會對提呈董事會批准之財務及其他資料作出知情評估。

## CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements, and announcements to shareholders. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the accounts.

The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, other price-sensitive announcement and other financial disclosures required under the Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to the statutory requirements.

### INTERNAL CONTROLS

The Board has delegated to management the implementation of internal control system as well as the review of relevant financial, operational and compliance controls, and risk management procedures.

The internal control system has been designed to safeguard the Group's assets against loss and misappropriation; to maintain proper accounting records for producing reliable financial information; to provide reasonable, but not absolute assurance against material fraud and errors. The Group has clearly defined the authorities and key responsibilities of each business and operational unit to ensure adequate checks and balances. Policies are established to ensure compliance with applicable laws, regulations, and industry standards. Rules and guidelines are set to control treasury activities, financial and management reporting, human resources functions and computer systems' operations. Systems and procedures are also established to identify, measure, manage and control different risks arising from different business and functional activities.

The Board monitors and reviews the adequacy and effectiveness of its internal control systems through a programme of internal audit. The internal audit function is set up by the Company to review the major operational and financial control of the Group in compliance with the established processes and standards on a continuing basis and aims to cover all major operations of the Group on a rotational basis. The internal audit team reports directly to the Chairman of the Board and the Audit Committee.

董事確認須負責為每一財政年度編製能真實及公平地反映本集團業務狀況之財務報告及向股東提呈中期及年度財務報表及公佈。董事會並不知悉任何重大不確定因素會對本集團的持續經營能力投下重大疑惑，因此，董事會仍然採用持續經營基準編製賬目。

董事會確認，其有責任在本公司年度報表及中期報告、其他涉及股價敏感資料的通告及根據上市規則規定須予披露的其他財務資料、以及向監管者提交的報告書以至根據法例規定須予披露的資料，提供平衡、清晰及易於理解之評估。

### 內部監控

董事會授權管理層推行內部監控系統，並檢討有關財務、營運與監管控制及風險管理之程序。

內部監控系統是為保障本集團資產免受損失或被盜用；妥善保存會計記錄以提供可靠的財務資料；就欺詐及重大錯誤合理地作出防範，惟不能確保其絕對不會發生。本集團已清楚界定各業務及營運部門的權責，以確保有效之制衡。制訂政策以確保遵照有關法律、規例和生產製造標準；訂立規則及指引以監控本集團庫務事宜、財務與管理匯報、人力資源功能及電腦系統之運作；制定系統及程序以識別、量度、管理及控制各業務及營運部門的各種風險。

董事會透過內部稽核程序監察及檢討其內部監控系統是否足夠及有效。本公司設立內部稽核功能以持續基準審閱本集團之主要營運及財務控制，及旨在以循環基準涵蓋本集團之所有主要營運。該內部稽核小組直接向董事會主席及審核委員會匯報。

## CORPORATE GOVERNANCE REPORT

## 企業管治報告

### DELEGATION BY THE BOARD

The day-to-day management of the Company is delegated to the management by the Board, with division heads responsible for individual department's daily operations.

Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for the Board's approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

### BOARD COMMITTEES

The Board has established the nomination committee, remuneration committee and audit committee. The committees' terms of references defined their functions and responsibilities have posted on the Company's website.

#### Nomination Committee

The nomination committee of the Company (the "Nomination Committee") has Ms. Li Kei Ling as the committee's chairman, and the three Independent Non-executive Directors, Mr. Pan Xue Tian, Mr. Lee Cheuk Yin Dannis and Mr. Choi Tat Ying Jacky as the committee's members. The Nomination Committee's terms of reference are summarized as follows:

- i) to review the structure, size and composition (including the skills, knowledge and experiences) of the Board on a regular basis and to make recommendation to the Board regarding any proposed changes;
- ii) to identify suitable individual qualified to become Board members; and
- iii) to make recommendation to the Board on relevant matters relating to the appointment or reappointment of Directors if necessary, in particular, candidates who can add value to the management through their contributions in the relevant strategic business areas and which appointments will result on the constitution of strong and diverse Board.

### 董事會權力的轉授

董事會轉授本集團之日常管理權力給管理層，部門主管負責各部門的日常運作。

董事會特別委託管理層執行之主要企業事宜包括籌備中期及年度報告及通告以供董事會於公佈前批核，執行董事會所採納之業務策略及措施、推行妥善內部監控制度及風險管理程序以及遵守有關法定規定、規則與規例。

### 董事會轄下的委員會

董事會成立提名委員會、薪酬委員會及審核委員會。闡明委員會的權力及職責的職權範圍登載於本公司網站上。

#### 提名委員會

本公司提名委員會(「提名委員會」)以李其玲女士為委員會主席及三名獨立非執行董事-潘學田先生、李卓然先生及蔡達英先生為委員會成員。提名委員會之職權範圍概述如下:

- i) 為定期檢討董事會之架構、人數及組成(包括技術、知識及經驗);並就任何擬作出之變動向董事會提出建議;
- ii) 物色合資格成為董事會成員之適當人選;及
- iii) 如必要,就委任或重新委任董事之有關事宜向董事會提出推薦建議,尤其是通過在有關策略性業務領域之貢獻為本集團管理增值之候選人,且彼等之委任將可產生一個強大及多元化之董事會。



## CORPORATE GOVERNANCE REPORT

## 企業管治報告

During the year 2005, the Nomination Committee had one meeting to review the competence of the candidate and provide recommendation to the Board for the appointment of a Non-executive Director and the attendance of each Director is set out as follows:

於二零零五年，提名委員會舉行了一次會議評審候選人的能力並向董事局建議一位非執行董事的委任，各董事之出席情況如下：

Directors	董事	Number of meeting attended/held 會議出席次數／舉行次數
Ms. Li Kei Ling (Chairman of Nomination Committee)	李其玲女士 (提名委員會主席)	1/1
Mr. Pan Xue Tian	潘學田先生	1/1
Mr. Lee Cheuk Yin Dannis	李卓然先生	1/1
Mr. Choi Tat Ying Jacky	蔡達英先生	1/1

## REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") has Ms. Li Kei Ling as the committee's chairman, the three Independent Non-executive Directors, Mr. Pan Xue Tian, Mr. Lee Cheuk Yin Dannis and Mr. Choi Tat Ying Jacky as the committee's members. The Remuneration Committee's terms of reference are summarized as follows:

- i) to ensure that no Director or any of her/his associates is involved in deciding her/his own remuneration; and
- ii) to make recommendations with respect to the remuneration of the Executive Directors and the senior management of the Company for approval by the Board.

The Group's remuneration policy bases on the market practice, the qualification, duties and responsibilities of Directors and employees. In order to attract, retain, and motivate high-performance persons, the Company has adopted a share option scheme in 2003 to reward those participants who contribute to the success of the Group's operations.

Details of the amount of Directors emoluments are set out in note 7 to the financial statements and the details of the 2003 Share Option Scheme are set out in note 28 to the financial statements.

## 薪酬委員會

本公司薪酬委員(「薪酬委員會」)以李其玲女士為委員會主席，三名獨立非執行董事-潘學田先生、李卓然先生及蔡達英先生為委員會成員。薪酬委員會職權範圍概述如下：

- i) 確保任何董事或其任何聯繫人不得自行釐定薪酬；及
- ii) 就本公司執行董事及高級管理人員之薪酬提供推薦意見，以尋求董事會批准。

本集團的薪酬政策是參照市場慣例、董事及員工的資歷、職務及責任釐訂，為招攬、挽留及激勵表現稱職人員，本公司於二零零三年採納購股權計劃，從而對為本集團業務成功作出貢獻之參與者提供獎勵。

董事酬金之詳情載於財務報表附註7，而二零零三年購股權計劃之詳情載於財務報表附註28。

## CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Remuneration Committee had one meeting in 2005 to review and recommend to the Board the salaries of Executive Directors, therefore the Chairman, Ms Li Kei Ling, was absent in the meeting which was chaired by Mr. Pan Xue Tian. The attendance of each director is set out as follows:

於二零零五年，薪酬委員會舉行了一次會議以審閱執行董事的薪酬及建議給董事會，因此委員會主席李其玲女士不出席，由潘學田先生出任該次會議主席。各董事之出席情況如下：

Directors	董事	Number of meeting attended/held 會議出席次數／舉行次數
Ms. Li Kei Ling (Chairman of the Remuneration Committee)	李其玲女士 (薪酬委員會主席)	0/1
Mr. Pan Xue Tian	潘學田先生	1/1
Mr. Lee Cheuk Yin Dannis	李卓然先生	1/1
Mr. Choi Tat Ying Jacky	蔡達英先生	1/1

## AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises the three Independent Non-executive Directors of the Company.

## 審核委員會

本公司遵照上市規則第3.21條，以審閱及監管本集團財務申報過程及內部監控成立審核委員會（「審核委員會」）。審核委員會包括三名本公司獨立非執行董事。

The Audit Committee's chairman is Mr. Lee Cheuk Yin Dannis. Mr. Pan Xue Tian and Mr. Choi Tat Ying Jacky are the committee's members who among themselves possess a wealth of management experience in the accounting profession, commercial and pharmaceutical sectors. The Audit Committee's terms of reference of are summarized as follows:

審核委員會主席為李卓然先生，潘學田先生及蔡達英先生為委員會成員，彼等於會計專業、商業及製藥行業具有豐富之管理經驗。審核委員會的職權範圍概述如下：

- i) to consider and recommend the independence, remuneration, appointment, re-appointment and removal of external auditor;
- ii) to review financial information; and
- iii) to oversee financial reporting system and internal control procedures.

- i) 就外聘核數師的獨立性、酬金、委任、重新委任及罷免作出考慮並向董事會提供建議；
- ii) 審閱財務資料；及
- iii) 監管財務申報制度及內部監控程序。

## CORPORATE GOVERNANCE REPORT

## 企業管治報告

During the year 2005, the Audit Committee had two meetings with external auditor to discuss internal control, financial reporting matters and any areas of concerns during the audits. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual reports. The attendance of each Director is set out as follows:

於二零零五年，審核委員會與外聘核數師開會兩次以討論內部監控、財務申報事宜及審核過程中之任何問題。審核委員會於審閱本公司之中期及年度報告時，不僅注意會計政策及慣例變動之影響，亦兼顧須遵守的會計政策、上市規則及法律之規定。各董事之出席情況如下：

Directors	董事	Number of meeting attended/held 會議出席次數／舉行次數
Mr. Lee Cheuk Yin Dannis (Chairman of the Audit Committee)	李卓然先生 (審核委員會主席)	1/1
Mr. Pan Xue Tian	潘學田先生	1/1
Mr. Choi Tat Ying Jacky	蔡達英先生	1/1

The audited financial statements of the Company for the year ended 31 December 2005 have been reviewed by the Audit Committee before recommending it to the Board for approval.

本公司截至二零零五年十二月三十一日止年度經審核的財務報表於提呈董事會批准前經由審核委員會審閱。

## AUDITORS' REMUNERATION

Ernst and Young has been reappointed as the Company's external auditors at the AGM on 22 April 2005 until the conclusion of the next AGM. During the year 2005, the remuneration paid to the Company's external auditor is set out as follows:

## 核數師酬金

安永會計師事務所於本公司二零零五年四月二十二日股東週年大會上獲續聘為本公司之外聘核數師直至應屆股東週年大會為止。於二零零五年，支付給本公司之外聘核數師酬金載列如下：

Services rendered 已提供服務		Fee paid/payable 已付／應付
Audit service	核數服務	HK\$710,000
Interim financial report review	審閱中期財務報表	HK\$300,000
		<u>HK\$1,010,000</u>

## CORPORATE GOVERNANCE REPORT

## 企業管治報告

### COMMUNICATIONS WITH SHAREHOLDERS

The Board recognises the importance of good communications with all shareholders. The Company establishes and maintains different communication channels with its shareholders through the publication of annual and interim reports and press release. Such information is also available on the Company's website.

The Company's AGM is a valuable forum for the Board to communicate directly with the shareholders. The Chairman of the Board attends the AGM and arranges the chairman of the committees or in the absence of the chairman of such committees, another member of the committees to be available to answer questions at the AGM. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of Directors.

### VOTING BY POLL

Details of the poll voting procedures and the rights of shareholders to demand a poll in compliance with the Articles and the Listing Rules 13.39(3) are included in the circular to shareholders dispatched together with the annual report.

The chairman explains the procedure for demanding and conducting a poll again at the commencement of the AGM.

The Company will ensure that votes cast including proxy votes are properly counted and recorded.

### 與股東的溝通

董事會認同與所有股東有良好的溝通至為重要，本公司設立不同渠道保持與股東溝通，包括刊印年度報告、中期報告及新聞稿，該等資料亦登載於本公司網站。

本公司的股東週年大會提供寶貴場合讓董事會直接與股東溝通。董事會主席出席股東週年大會，並安排董事會轄下委員會的主席，或在該等委員會的主席缺席時由另一名委員會成員在股東週年大會上回答提問。在股東大會上，每項實際獨立的事宜均會個別提出決議案，包括選舉董事。

### 以投票方式表決

附於年報寄予股東之通函，詳載了投票表決之程序及股東可根據組織章程細則及上市條例第13.39(3)條要求以投票方式表決之權利。

主席在週年股東週年大會開始時再次解釋要求及舉行票選的程序。

本公司將確保所有票數，包括委任代表投票的票數，均適當點算及記錄在案。