



CORPORATE GOVERNANCE REPORT 企業管治報告

The Company is committed to the establishment of good corporate practices and procedures. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company.

The Group has complied with the code provisions set out in Appendix 14, Code on Corporate Governance Practices, of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2005 except that no meeting of the Audit Committee, Nomination Committee and Remuneration Committee was held for the period from the listing (the "Listing") of the shares of the Company on the Stock Exchange on 2 December 2005 to 31 December 2005. Only one meeting for each of the Audit Committee, Nomination Committee and Remuneration Committee was held subsequent to the year ended 31 December 2005 and prior to the publishing of this report with the presence of all members of the respective committees.

BOARD COMPOSITION

The Board comprises five executive directors, one non-executive director and three independent non-executive directors. All five executive directors are members of the executive committee of the Company responsible for dealing with the business of the Company in accordance with all applicable rules and regulations, including, but not limited to, the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules"). All Directors (including independent non-executive directors) have been consulted on all major and material matters of the Company.

The Board members for the year ended 31 December 2005 were:

Executive Directors

Mr. TAOCHAIFU Choofuang (*also known as CF Tao*) (*Chairman*)
Mr. TAO Richard (*Vice Chairman*)
Mr. TAOCHAIFU Porn (*also known as Paul Tao*) (*Managing Director*)
Mr. KONG Mui Sum Lawrence
Mr. YIM Chun Leung

Non-executive Director

The Hon. CHAN Charnwut Bernard

Independent Non-executive Directors

Mr. WONG Gary Ka Wai
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

The number of independent non-executive directors have met the requirements under the Listing Rules and Mr. WONG Gary Ka Wai has appropriate accounting professional qualification. The Company has appointed a Managing Director instead of a chief executive officer.

The positions of the Chairman and the Managing Director are held separately by two executive directors to ensure their respective independence, accountability and responsibility. The Chairman is responsible for determining overall business strategies of the Group. The Managing Director is responsible for general management of the Group.

本公司致力建立良好之企業管治慣例及程序，本公司之企業管治原則著重優秀之董事局、透明度及向本公司所有股東問責。

截至二零零五年十二月三十一日止年度，本集團已遵守香港聯合交易所有限公司（「聯交所」）之證券上市規則所載的附錄十四之企業管治常規守則。除於二零零五年十二月二日至二零零五年十二月三十一日，本公司股份於聯交所上市（「上市」）期間，並無召開審核委員會、提名委員會及薪酬委員會會議外，於二零零五年十二月三十一日止年度之後至本年報出版前，只召開審核委員會、提名委員會及薪酬委員會各一次會議及各委員會的成員均全部出席是次會議。

董事局之組成

董事局由五名執行董事、一名非執行董事及三名獨立非執行董事組成，所有五名執行董事均為執行委員會成員，負責按照所有適用的規則及條例，其中包括，但不限於聯交所之證券上市規則（「上市規則」）處理本公司之業務。所有董事（包括獨立非執行董事）在本公司所有主要及重大事項上均被諮詢。

二零零五年十二月三十一日年度止之董事局成員為：

執行董事

陶哲甫先生（別名CF Tao）（主席）
陶家祈先生（副主席）
陶錫祺先生（別名Paul Tao）（董事總經理）
江淼森先生
嚴振亮先生

非執行董事

陳智思先生

獨立非執行董事

王家偉先生
孫立勳先生
陳樂文先生

獨立非執行董事之數目已符合上市規則規定及王家偉先生亦具備適當之會計專業資格。本公司已委任一位董事總經理，代替委任一位行政總裁。

主席及董事總經理之職位分別由兩位執行董事出任，以確保其各自之獨立性、問責性及責任承擔。主席負責決定本集團之整體業務策略，而董事總經理負責本集團之一般管理。



BOARD COMPOSITION (Cont'd)

The Board is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specially delegated by the Board to the management include the preparation of annual and interim accounts for Board approval before public reporting, 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.

Mr. TAOCHAIFU Choofuang, the Chairman of the Company, is the father of Mr. TAO Richard, the Vice Chairman of the Company, and Mr. TAOCHAIFU Porn, Managing Director of the Company. Further details of the Directors are set out on pages 18 to 21 under the section headed "Biographical Details of Directors and Senior Management" of this report.

Each of the independent non-executive directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The non-executive director and all the independent non-executive directors have contracts with the Company for a period of three years commencing from 14 November 2005 which may be terminated by either party by giving one month's written notice and subject to retirement by rotation at the annual general meeting of the Company in accordance with the articles of association of the Company.

For the period from 14 November 2005 (the day of appointment of the non-executive director and the three independent non-executive directors) to 31 December 2005, six Board meetings were held. Minutes of the Board meetings are kept by the company secretary and are available for inspection by the Directors and auditors of the Company.

MODEL CODE FOR 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 its own code of conduct regarding directors' securities transactions. The obligation to follow the Listing Rules are set out in the terms of the service contracts of each executive director and the letters of appointment of the non-executive director and each independent non-executive director. Having made specific enquiry of all the Directors, the Directors confirmed that they have complied with the required standard as set out in the Model Code for the period from Listing to 31 December 2005.

董事局之組成 (續)

董事會負責企業策略、年度及中期業績、繼承計劃、風險管理、重大收購、出售及資本交易，及其他主要營運及財務事宜。董事會特別委託管理層執行之主要企業事宜包括籌備年度及中期賬目，以供董事會於對外公佈前批核、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。

陶哲甫先生(本公司主席)，為陶家祈先生(本公司副主席)及陶錫祺先生(本公司董事總經理)之父親。有關董事之詳情載於本年報內第18至21頁「董事及高級管理層之履歷」一節中。

各獨立非執行董事已根據上市規則第3.13條之規定提交年度獨立性確認書。本公司認為，所有獨立非執行董事均符合上市規則第3.13條所載之獨立性指引，並根據指引之條款屬獨立人士。本公司之非執行董事及各獨立非執行董事已與本公司訂立合約，任期由二零零五年十一月十四日起計，任期為三年，若終止其服務合約，其中一方可向另外一方發出一個月的書面通知及根據本公司之組織章程細則，其均須於股東週年大會上輪值告退。

於二零零五年十一月十四日(非執行董事及三位獨立非執董事之委任日期)至二零零五年十二月三十一日期間，共舉行六次董事會會議。董事會會議之會議記錄由公司秘書保存及可供本公司之董事及核數師審閱。

董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易之標準守則(「標準守則」)，作為其董事進行證券交易之操守守則。各執行董事之服務合約條文及非執行董事及各獨立非執行董事之委任信件中已載有遵守上市規則之責任。經本公司向全體董事作出特定查詢後，全體董事確認，彼等於上市至二零零五年十二月三十一日一直遵守標準守則所規定標準。

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AUDIT COMMITTEE

The Company established an Audit Committee on 14 November 2005 with terms of references in compliance with the code on corporate governance practices set out in Appendix 14 of the Listing Rules. The Audit Committee consists of independent non-executive directors only.

The members of the Audit Committee are as follows:

Mr. WONG Gary Ka Wai (*Chairman*)
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

Mr. WONG Gary Ka Wai, who possesses a professional accounting qualification and relevant accounting experience, is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and approve the financial reporting process and internal control systems of the Group. The Group's final results for the year ended 31 December 2005 have been reviewed by the members of the Audit Committee before submission to the Board for approval. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 14 November 2005 with terms of reference in compliance with the code on corporate governance practices set out in Appendix 14 of the Listing Rules. The members of the Nomination Committee consist of one executive director and two independent non-executive directors.

The members of the Nomination Committee are as follows:

Mr. CHAN Norman Enrique (*Chairman*)
Mr. SUN Leland Li Hsun
Mr. TAOCHAIFU Porn

The primary duty of the Nomination Committee is making recommendations to the Board on appointment and removal of directors and management of Board succession.

The Nomination Committee has considered the past performance, qualification, general market conditions and the Company's articles of association in selecting and recommending directors for retirement rotation.

The Nomination Committee resolved that all the existing directors should be recommended to be retained by the Company. Further, in accordance with the Company's articles of association, Mr. TAO Richard, Mr. KONG Mui Sum Lawrence and Mr. YIM Chun Leung would retire, and being eligible, would offer themselves for re-election at the forthcoming annual general meeting of the Company.

審核委員會

本公司於二零零五年十一月十四日成立審核委員會，並根據上市規則附錄十四所載的企業管治常規守則制訂職權範圍。審核委員會成員只包括獨立非執行董事。

審核委員會成員如下：

王家偉先生 (*主席*)
孫立勳先生
陳樂文先生

王家偉先生，彼具有專業會計資格及相關會計經驗，乃審核委員會主席。

審核委員會的主要職務為檢討及批准本集團的財務申報程序及內部監控制度。本集團截至二零零五年十二月三十一日止年度之業績於提呈董事會批准前已獲審核委員會審閱。審核委員會認為是次業績之籌備乃遵守適用之會計準則及已作出適當的披露。

提名委員會

本公司於二零零五年十一月十四日成立提名委員會，並根據上市規則附錄十四所載的企業管治常規守則制訂職權範圍。提名委員會成員包括一名執行董事及兩名獨立非執行董事。

提名委員會成員如下：

陳樂文先生 (*主席*)
孫立勳先生
陶錫祺先生

提名委員會的主要職務為就委任董事及罷免董事以及管理董事會繼承事宜向董事會提出建議。

提名委員會已考慮以往的表现、資格、一般市場環境及本公司之組織章程細則以甄選及推薦董事輪值告退。

提名委員會決議推薦所有現任董事在本公司留任。再者，根據本公司之組織章程細則，陶家祈先生、江淼森先生及嚴振亮先生將於應屆股東週年大會上輪值告退，惟彼符合資格並願意膺選連任。



REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 14 November 2005 with terms of references in compliance with the code on corporate governance practices set out in Appendix 14 of the Listing Rules. The members of the Remuneration Committee consist of one executive director and two independent non-executive directors.

The members of the Remuneration Committee are as follows:

Mr. SUN Leland Li Hsun (*Chairman*)
Mr. CHAN Norman Enrique
Mr. TAO Richard

The primary duties of the Remuneration Committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to Directors and senior management including the recommendation to the Board on the granting of share options to Directors pursuant to the share option scheme adopted by the Company.

The Remuneration Committee has considered and reviewed the existing terms of remunerations of all the directors. The Remuneration Committee has considered factors including salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration. The Remuneration Committee considered that the existing terms of remunerations of the directors were fair and reasonable.

薪酬委員會

本公司於二零零五年十一月十四日成立薪酬委員會，並根據上市規則附錄十四所載的企業管治常規守則制訂職權範圍。薪酬委員會成員包括一名執行董事及兩名獨立非執行董事。

薪酬委員會成員如下：

孫立勳先生 (*主席*)
陳樂文先生
陶家祈先生

薪酬委員會的主要職務為檢討及釐定應付予董事及高級管理人員的薪酬福利條款、花紅及其他報酬，包括向董事會建議按照公司採納的購股權計劃而向董事授出購股權。

薪酬委員會考慮及檢討所有董事現時的薪酬條款。薪酬委員會考慮之因素包括可比較公司之薪金水平、各董事所投入之時間及職責、集團其他的聘用條件及以表現為準則的薪酬條件。薪酬委員會認為現時董事的薪酬條款乃公平合理。

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ATTENDANCE RECORD AT BOARD MEETINGS

The attendance of individual members at the meetings of the Board, during the period from 14 November 2005 (the day of appointment of non-executive director and independent non-executive directors) to 31 December 2005:—

Executive Director

執行董事

Mr. TAOCHAIFU Choofuang (*Chairman*)

陶哲甫先生 (主席)

Mr. TAO Richard (*Vice Chairman*)

陶家祈先生 (副主席)

Mr. TAOCHAIFU Porn (*Managing Director*)

陶錫祺先生 (董事總經理)

Mr. KONG Mui Sum Lawrence

江森森先生

Mr. YIM Chun Leung

嚴振亮先生

Non-Executive Director

非執行董事

The Hon. CHAN Charnwut Bernard

陳智思先生

Independent Non-Executive Director

獨立非執行董事

Mr. WONG Gary Ka Wai

王家偉先生

Mr. SUN Leland Li Hsun

孫立勳先生

Mr. CHAN Norman Enrique

陳樂文先生

INTERNAL CONTROL

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to the management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

The Group has appointed an independent professional to perform the review of the effectiveness of its system of internal control. Relevant recommendations to be made by such consultant would be implemented by the Group in stages to further enhance its internal control policies, procedures and practices.

董事會會議出席記錄

下表載列二零零五年十一月十四日(非執行董事及獨立非執行董事之委任日期)至二零零五年十二月三十一日之間董事會之會議出席情況：—

Meetings attended/Number of Meetings held **出席會議次數/舉行會議次數**

Mr. TAOCHAIFU Choofuang (<i>Chairman</i>) 陶哲甫先生 (主席)	4/6
Mr. TAO Richard (<i>Vice Chairman</i>) 陶家祈先生 (副主席)	6/6
Mr. TAOCHAIFU Porn (<i>Managing Director</i>) 陶錫祺先生 (董事總經理)	6/6
Mr. KONG Mui Sum Lawrence 江森森先生	5/6
Mr. YIM Chun Leung 嚴振亮先生	5/6
The Hon. CHAN Charnwut Bernard 陳智思先生	1/6
Mr. WONG Gary Ka Wai 王家偉先生	0/6
Mr. SUN Leland Li Hsun 孫立勳先生	2/6
Mr. CHAN Norman Enrique 陳樂文先生	2/6

內部監控

董事會對本公司內部監控系統及對檢討其效率承擔整體責任。董事會致力落實有效及良好的內部監控系統，以保障股東利益及本集團資產。董事已委派管理層落實內部監控系統，並檢討已建立的架構內的所有相關財務、營運、遵守規例監控及風險管理效能。

本集團已委任獨立專家檢討本集團內部監控系統之效率。該顧問將提出的相關推薦意見將獲本集團分階段實行以進一步改進其內部監控政策、程序和慣例。



INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavors to maintain a high level of transparency in communicating with shareholders and the investment community at large. Briefings and meetings with institutional investors and analysts are conducted regularly. The Company is committed to continue to maintain an open and effective investor communication policy and to update investors on relevant information on its business in a timely manner, subject to relevant regulatory requirements. In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the executive directors and designated senior executives according to established practices and procedures of the Company. The Company has announced its annual results of the year under review in a timely manner, which is well before the time limits set out in the Listing Rules.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is the responsibility of the auditors to form an independent opinion, based on their audit, on those financial statements and to report their opinion to the members of the Company, as a body, and for no other purpose. The auditors do not assume responsibility towards or accept liability to any other person for the contents of this report.

The Directors acknowledge their responsibilities for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of results and cash flow for that period. In preparing the accounts for the year ended 31 December 2005, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standard and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis. The Directors also ensure the timely publication of the financial statements of the Group.

AUDITORS' REMUNERATION

For the period from the Listing to 31 December 2005, the auditors of the Company only provided audit services to the Group. During that period, the auditors did not perform any non-audit services to the Group. The amount paid to the auditors in respect of the audit of the financial statements for the year ended 31 December 2005 was HK\$680,000.

與投資者的關係及溝通

本公司與股東及投資界溝通時，一直盡量保持高透明度。本公司定期為機構投資者及分析家舉行簡報會及會議。本公司致力按照有關監管規定，繼續維持公開及有效的投資者溝通政策，並及時向投資者提供最新的業務資料。為確保與投資者及分析家維持有效、清晰而準確的溝通渠道，所有企業通訊事宜均按照本公司的既定慣例及程序，由執行董事及專責高級行政人員處理。本公司已於回顧年度內按時宣佈其年度業績及中期業績，宣佈時間遠早於上市規則規定的時間。

董事及核數師就財務報表承擔之責任

董事須負責編製真實而公正之財務報表。在編製該等財務報表時，董事必須貫徹選擇及採用合適之會計政策。

核數師之責任是根據審核工作之結果，對該等財務報表作出獨立意見，將此意見僅向本公司成員報告，不作其他用途。核數師並不就本報告之內容向任何其他人士負上責任或承擔法律責任。

董事確認，其職責為就每個財政期間編製可真實公平地反映本集團業務狀況及該期間之業績及現金流量之財務報表。編製截至二零零五年十二月三十一日止年度之賬目時，對已挑選及貫徹應用合適之會計政策，採納適當的香港財務報告準則及香港會計準則、審慎及合理地作出調整及估計，並以持續營運基準準備會計賬目。董事亦確保準時刊發本集團之財務報表。

核數師酬金

由上市至二零零五年十二月三十一日期間，本公司之核數師只提供審計服務予本集團。在這期間，核數師並無提供任何非審計服務予本集團。就審核截至二零零五年十二月三十一日止年度之財務報表而支付予核數師的款項為680,000港元。