

The Company is committed to attaining good standard of corporate governance practices with an emphasis on a quality Board, better transparency and effective accountability system.

Following the issue of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Hong Kong Listing Rules, the Company has carefully reviewed and considered its provisions, and carried out a detailed analysis on the corporate governance practices of the Company against the requirements of the Code. Throughout the financial year ended 31 December 2005, except for the requirements that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual (code provision A.4.1) and all directors should retire and rotate for at least every three years (code provision A.4.2), the Company has complied with all code provisions of the Code on Corporate Governance Practices.

Currently, the roles of Chairman and Chief Executive Officer of the Company are performed by Mr. Luk King Tin. Mr. Luk being the founder of the Company, has been the Chairman and the Chief Executive Officer of the Company and in charge of the overall management of the Company. The Company considers that the combination of the roles of Chairman and Chief Executive Officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to seize business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its independent non-executive directors, checks and balances exist so that the interests of the shareholders are adequately and fairly represented.

本公司致力達致高水平之企業管治常規，強調高質素的董事會、高透明度及有效的問責制度。

自《香港上市規則》附錄14《企業管治常規守則》出臺後，本公司對其中的條文作出了深入的研究和探討，並對本公司既有企業管治系統是否滿足該守則的要求進行了詳細的分析。截止二零零五年十二月三十一日止財政年度期間內，除了關於董事會主席及首席執行官角色應分開，不應由一人同時兼任（守則條文A.4.1）及所有董事須至少每三年輪流退任（守則條文A.4.2）的要求以外，本公司已全面遵守《企業管治常規守則》內的所有守則條文。

目前本公司董事長和首席執行官的職務由陸擎天先生兼任。陸先生為本公司之創辦人，並一直擔任本公司董事長和首席執行官職務，全面負責本公司的整體管理工作。本公司認為，由同一人兼任董事長和首席執行官職務可以提升本公司的企業決策及執行效率，有助於本集團更高效及時地抓住緊商機。本公司認為，在本公司董事會和獨立非執行董事的監管下，通過制衡機制，股東的利益能夠得以充分及公平的體現。

According to the Company's Bye-laws, the Chairman of the Board and the Managing Director of the Company were not subject to retirement by rotation, which thus constitutes a deviation from the code provision A.4.2. Since the Chairman is responsible for the formulation and implementation of the Company's strategies, which is essential to the stability of the Company's business and thus the Board considers that the deviation is acceptable.

THE BOARD OF DIRECTORS

The key responsibilities of the Board include, among other things, formulating the Group's overall strategies, setting management targets, regulating internal controls and financial management, and supervising the management's performance while the day-to-day operations and management are delegated by the Board to the senior management of the Company. The Board operates in accordance with established practices (including those relating to reporting and supervision), and is directly responsible for formulating the Company's corporate governance guidelines.

The Board currently comprises 8 directors, namely Mr. LUK King Tin (the Chairman), Mdm. CHENG Cheung, Mr. LUK Yan, Mr. LUK Fung and Mr. FAN Chiu Tat, Martin as executive directors, Mr. LIANG Fang, Mr. LIU Li Yuan and Mr. TAM Kan Wing as independent non-executive directors. Their biographical details are presented on pages 21 and 22 of this annual report. The Company and its directors (including independent non-executive directors) have not entered into any service contract with a specified length of service. All directors, except the Chairman, are subject to retirement by

根據本公司公司細則，本公司董事會主席及董事總經理不受限於輪流退任，這足以構成與守則條文A.4.2項存有差異。董事會認為因本公司主席之責任為負責制訂及施行本公司策略，對本公司之業務穩定十分重要，因此該差異是可接受的。

董事會

本公司董事會的主要職責包括制訂本集團整體戰略目標、設定管理目標、監督公司的內部控制和財務管理，以及監管管理層的表現，而公司的日常運作則由董事會授權本公司管理層進行管理。董事會按照制訂的董事會常規(包括有關匯報及監管程序)運作，並直接負責制定本公司企業管治指引。

目前，董事會由八名董事組成，包括陸擎天先生(主席)、鄭嬌女士、陸恩先生、陸峯先生及范招達先生擔任執行董事及由梁仿先生、劉歷遠先生及譚根榮先生擔任獨立非執行董事。各董事之簡介載於本年報第113至114頁。本公司與所有董事(包括獨立非執行董事)均無訂立特定服務年期的服務合約。除主席外，所有董事至少每三年於股東週年大會上

rotation and re-election at annual general meetings of the Company at least every three years. The Company has received a confirmation of independence from each of the independent non-executive directors, namely Mr. LIANG Fang, Mr. LIU Li Yuan and Mr. TAM Kan Wing and considers them to be independent. The Company has received acknowledgements from the directors of their responsibility for preparing the financial statements and a statement by the auditors of the Company about their reporting responsibilities.

The Board convened five meetings during the financial year ended 31 December 2005. Mr. LUK King Tin, Mdm. CHENG Cheung, Mr. LUK Yan and Mr. FAN Chiu Tat, Martin attended all five board meetings while Mr. LIANG Fang, Mr. LIU Li Yuan and Mr. CHAN Yuk Tong (resigned as an independent non-executive director of the Company with effect from 1 December 2005) attended two board meetings.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Board is responsible for the appointment and removal of Directors.

According to the Company's Bye-laws, at each annual general meeting, one-third of the Directors shall retire from office by rotation. If the number of Board members is not a multiple of three, then the number nearest to but not greater than one-third shall retire by rotation. Retired Directors are eligible for re-election at each annual general meeting.

According to the Company's Bye-laws, any director in his first year of appointment is subject to re-election by shareholders at the forthcoming annual general meeting.

輪值告退及重選。本公司已收到獨立非執行董事梁仿先生、劉歷遠先生及譚根榮先生的獨立性確認函，亦對他們的獨立性表示認同。本公司亦已收到董事對其編制財務報表責任的確認，以及核數師有關發表其申報責任的聲明。

截止二零零五年十二月三十一日止財政年度期間內，董事會共召開了五次會議，其中，陸擎天先生、鄭嬌女士、陸恩先生及范招達先生參加了所有董事會會議，梁仿先生、劉歷遠先生及陳育棠先生(已於二零零五年十二月一日辭任本公司獨立非執行董事職務)參加了兩次董事會會議。

董事之委任、重選及罷免

董事會負責董事之委任及罷免。

根據本公司之公司細則，於每年之股東週年大會上有三分之一董事輪流退任，如董事之數目非三之倍數，則退任人數需最接近而不多於三分之一。退任之董事可於每年股東週年大會被重選。

根據本公司之公司細則，所有董事於獲委任之首年內，須於該年之股東週年大會上接受重新選舉。

All Independent Non-executive Directors are appointed for a specific term of one year and are subject to re-election at each annual general meeting.

The Board currently has two principal board committees, which are the audit committee and the remuneration committee.

AUDIT COMMITTEE

The Company has established the audit committee, which is comprised solely of independent non-executive directors, namely Mr. LIANG Fang, Mr. LIU Li Yuan and Mr. TAM Kan Wing (appointed on 01 December 2005). All members of our audit committee have many years of finance and business management experience and expertise. The audit committee's primary responsibilities include, among other things, making recommendation to the board of directors on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, reviewing and monitoring the external auditors} Independence and objectivity and the effectiveness of the audit procedure in accordance with applicable standards, developing and implementing policies on the engagement of external auditors to provide non-audit services, monitoring the integrity of financial statements of the Company and the Company's report and financial statements and overseeing the Company's financial reporting system and internal control procedures.

所有獨立非執行董事的委任乃有指定一年之任期，並須於每年股東週年大會上接受重新選舉。

董事會目前下設兩個主要董事會委員會，包括審核委員會及薪酬委員會。

審核委員會

本公司設立了全部由獨立非執行董事所組成的審核委員會，現任成員為梁仿先生、劉歷遠先生及譚根榮先生(於二零零五年十二月一日起獲委任)。本公司審核委員會成員擁有多年的金融和商業管理經驗和專業技術。審核委員會的主要職責包括就外聘核數師的委任、重新委任及罷免向董事會提供建議、批准外聘核數師的薪酬及聘用條款；檢討及監察外聘核數師是否獨立客觀及審計程式是否有效；就外聘核數師提供非審核服務制定政策並予以執行；監察本公司的財務報表和及本公司報告及財務報表的完整性；監管本公司財務申報制度及內部監控程式等。

In 2005, the audit committee met twice, and mainly reviewed the Integrity of the Company's financial statements, annual report and accounts, interim report and the significant financial reporting judgements contained in such financial statements and reports, discussed and approved the budgets and remuneration of, and services provided by, the external auditors, reviewed the Company's internal audit procedures and reports, reviewed and the compliance situation with relevant laws and regulations. All members attended all meetings.

REMUNERATION COMMITTEE

In 2005, the Company established the remuneration committee, which is comprised of Mr. LIANG Fang and Mr. LIU Li Yuan being independent non-executive directors of the Company and Mr. LUK King Tin, the Chairman of the Company,. The primary responsibilities of the remuneration committee include, among other things, determining the remuneration packages of all executive directors and senior management, making recommendations to the Board on the remuneration of non-executive directors, reviewing and approving performance-based remuneration, ensuring that no director or any of his associates is involved in deciding his own remuneration, making recommendations to the board of directors on the Company's policy and structure for remuneration of employees, including salaries, incentive schemes and other stock plans. In 2005, the remuneration committee met once. All members attended the meeting.

二零零五年審核委員會舉行了兩次會議，所有成員參加了所有會議。會議主要審批了本公司的財務報表及本公司年度報告及賬目及中期報告的完整性，以及報表及報告所載有關財務申報的重大意見；討論並通過了外聘核數師的審計預算、薪酬及所提供服務；審閱了內部審計流程和報告，以及公司遵守有關法律法規的情況等。

薪酬委員會

本公司於二零零五年設立了由獨立非執行董事梁仿先生及劉歷遠先生及本公司主席陸擎天先生所組成的薪酬委員會。薪酬委員會主要職責包括釐定全體執行董事及高級管理人員的薪酬待遇，就獨立非執行董事的薪酬向董事會提出建議，並檢討及批准按表現而釐定的薪酬；確保任何董事或其任何聯繫人不得自行釐定薪酬；就員工的薪酬、激勵機制和其他股權計劃等薪酬政策及架構向董事會提出建議等。二零零五年薪酬委員會舉行了一次會議。所有成員參加了會議。

At present, remunerations of the senior management of the Company mainly consists of fixed monthly salary. Certain senior management is also awarded with a performance-linked annual bonus, which is tied to the attainment of key performance indicators targets. The remuneration of non-executive directors is determined with reference to the prevailing market conditions and workload of being non-executive directors and members of the board committees of the Company.

INTERNAL CONTROL AND MANAGEMENT

The Board recognizes its responsibility for maintaining an adequate system of internal control to safeguard the Group's assets and shareholders' interests.

Internal control, including a defined management structure with limits of authority, is designed to help achieve business objectives, safeguard assets against unauthorized use, maintain proper accounting records for the provision of reliable financial information for internal use or for publication. The system is set up to provide reasonable, but not absolute, assurance against material mis-statement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

Management maintains and monitors the system of controls on an ongoing basis.

During 2005, based on the evaluations made by management, the Audit Committee was satisfied that nothing has come to its attention to cause the Audit Committee to believe that the system of internal control is inadequate, and there is an ongoing process to identify, evaluate and manage significant risks faced by the Group.

目前，本公司對高級管理層的薪酬主要為固定的每月工資。部份管理層之薪酬亦包括與績效掛鈎的年度獎金，績效掛鈎的年度獎金的發放辦法是按照設定評核指標完成情況作為評核標準。獨立非執行董事的酬金則根據市場水平，並考慮其擔任本公司獨立非執行董事及董事會委員會成員的工作繁重程度釐定。

內部監控及危機管理

董事會認知維持一個適當的內部監控以保衛本集團資產及股東利益的責任。

內部監控，包括組織一個明確界定權限的管理架構來幫助達成各商業目標，保障資產不會不適當地被使用，維持妥善賬目以提供可靠的財務訊息供內部使用或對外公佈。此制度旨在提供合理，但非絕對，保證無重大失實陳述或損失；及管理而非消除營運系統失誤及本集團未能達標的風險。

管理層按持續基準維持及監察有關控制系統。

於二零零五年，根據管理層之評估，審核委員會確信並無任何事件導致審核委員會相信內部監控系統有所不足，並相信會持續鑑定、評估及管理本集團面對之重大風險。

COMMUNICATION WITH SHAREHOLDERS

The Group discloses relevant information to shareholders through the Group's annual report and financial statements, the interim report, periodic company announcements as well as the Annual General Meeting ("AGM"). The sections under "Chairman's Statement" and "Management Discussion and Analysis" of the annual reports facilitate the shareholders' understanding of the Company's activities. The AGM allows the Directors to meet and communicate with shareholders.

The Company's financial statements and each of the required disclosure of information are dispatched within the prescribed period imposed by laws and regulations.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Hong Kong Listing Rules (the "Model Code") to regulate the directors' securities transactions. All directors have confirmed, following enquiry by the Company, that they have complied with the Model Code during the period between 1 January 2005 and 31 December 2005.

AUDITORS' REMUNERATION

The Company has engaged Ernst & Young as statutory auditors of the Company. For the year ended 31 December 2005, amounts of HK\$550,000 and HK\$40,000 were paid to Ernst & Young for their statutory audit service, and tax and consultancy services respectively.

與股東之溝通

本集團透過集團之年報、財務報表、中期業績報告、定期公佈及股東週年大會披露資料予股東。年報內「主席報告」及「管理層討論及分析」方便股東對本公司業務之了解。而股東週年大會可讓各董事與股東會面和溝通。

本公司之財務報表及各需要披露之資料均按法例及規則限定時間內發放。

董事的證券交易

本公司已採納了《上市規則》附錄10的《上市發行人董事進行證券交易的標準守則》(「標準守則」)以規範董事的證券交易。本公司已向所有董事作出查詢，所有董事已確認在二零零五年一月一日至二零零五年十二月三十一日期間，均已遵守《標準守則》。

核數師酬金

本公司的核數師為安永會計師事務所(「安永」)。於截止二零零五年十二月三十一日之財政年度，本集團共付予安永港幣550,000元作為審核服務費及港幣40,000元作為其稅務及顧問服務。