

Corporate Governance Report 企業管治報告

CORPORATE GOVERNANCE PRACTICE

The Company is committed to the establishment of good corporate governance practices and procedures which serve as an important element of risk management throughout the growth and expansion of the Company. The Company emphasizes on maintaining and carrying out sound, solid and effective corporate governance principles and structures.

The Company has complied throughout the year ended December 31, 2005 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange") (the "Listing Rules"), which came into effect prior to January 1, 2005, except that the independent non-executive directors were not appointed for terms of office determined according to a fixed period of time. Nevertheless, such directors were appointed to their offices for such term of office and are subject to retirement in accordance with the provisions in the By-laws of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. The Company has made specific enquiries of all directors and all directors confirmed they have complied with the required standard of dealings set out therein during the year.

BOARD OF DIRECTORS

Composition

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

Executive directors

Shum Siu Hung (*Chairman*)
Chiu Sing Chung, Raymond (*Managing Director*)
Shum Chun, Lawrence
Wu Hong Cho
Cen Ziniu

Independent non-executive directors

Cheung Kwan Hung, Anthony
Young Wing Chun, Michael Frederick
Ma Man Hoi, Joseph

企業管治常規

本公司致力建立良好企業管治常規及程序，在擴大本公司的業務中，該常規及程序為風險管理之重要元素。本公司著重維持及執行優良、穩健及有效的良好企業管治常規及架構。

除本公司之獨立非執行董事之委任並非按照固定時限而指定其任期外，本公司於截至2005年12月31日止年度整年間已遵守於2005年1月1日前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14所載之最佳應用守則。惟彼等之任期乃根據本公司之公司細則條文規定，並須依照有關細則告退。

董事進行證券交易

本公司已採納上市規則附錄10所載之《上市發行人董事進行證券交易的標準守則》（「標準守則」）作為董事進行證券交易之操守準則。本公司已向全體董事作出特定查詢，而全體董事已確認彼等於年內均有遵守當中所要求之買賣標準。

董事會

組成

截至2005年12月31日止年度之董事局成員為：

執行董事

岑少雄 (*主席*)
趙承忠 (*董事總經理*)
岑濟
胡匡佐
岑子牛

獨立非執行董事

張鈞鴻
楊永燦
馬文海

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BOARD OF DIRECTORS (Continued)

Such balanced board composition ensured strong independence exists across the Board and has met the recommended practice under the Code to have at least one-third of its members comprising independent non-executive directors. (At least one of the independent non-executive directors has appropriate professional qualifications, accounting and financial management expertise.) The biographies of the Directors are set out in pages 9 to 10 to the annual report, which demonstrates a diversity of skills, expertise, experience and qualifications.

Mr. Shum Siu Hung, Chairman of the Board, is the father of Mr. Shum Chun, Lawrence, executive director of the Company.

The Company has received annual confirmation of independence from the three independent non-executive directors in according 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.

Number of Board meetings held during the year

The Board has four scheduled regular meetings a year at quarterly interval and non-regular meetings when required. During the financial year ended December 31, 2005, the Board held four meetings. Proposed regular Board meeting schedule for the coming financial year are circulated to the Board in the preceding year. The following table shows the attendance of Directors at meetings of the Board and its committees during the year:

Type of meeting	會議名稱	Number of meeting(s) held in 2005 2005年召開會議次數	Average attendance 平均出席率 (%)
Board	董事會	4	83
Audit Committee	審核委員會	2	80
Remuneration Committee	薪酬委員會	1	67

董事會 (續)

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，其組成情況符合新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。最少有一位獨立非執行董事擁有相關的會計及財務管理之專業資格。各董事履歷載於年報第9至10頁，當中載列各董事之多樣化技能、專業知識、經驗及資格。

董事會主席岑少雄先生，為本公司執行董事岑濬先生之父。

本公司已接獲全數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。

於年內董事會會議次數

董事會每年定期召開四次會議(按每季度一次)，亦會在有需要時召開不定期會議。於截至2005年12月31日止財政年度內，董事會共召開四次會議。下個財政年度擬定召開之董事會會議時間表將於前一年向董事會傳閱。下表顯示年內各董事於董事會及其委員會會議之出席記錄：

BOARD OF DIRECTORS (Continued)

The principal Role and Function of the Board

- To establish the strategic direction for the development of the Company and set the objectives of the management;
- To approve annual budgets, major funding proposal and investment proposals;
- To decide on matters such as annual, interim and quarterly results, major transactions, directors appointment, and dividend and accounting policies; and
- To oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance.

Division of responsibilities between the Chairman and the Managing Director

To ensure a balance of power and authority so that power is not concentrated in one individual, the posts of Chairman and Managing Director are separated to ensure a clear division of the responsibilities between the Chairman and the Managing Director. The responsibilities of the Chairman includes but not limited to ensuring that all members of the management are properly briefed on issues arising at board meetings, and should be responsible for ensuring that all directors receive adequate information, which must be complete and reliable, in a timely manner. The Managing Director is responsible for the day-to-day operation of the Company's business and such other matters as are customarily within the responsibilities of the position including but not limited to, provide leadership for the management, establish and maintain proper internal controls system and procedures, and provide information to the Board to enable the Board to monitor the performance of management.

All Directors have free access to the advice and services of the Company Secretary to ensure Board procedure are followed according to applicable laws and regulations. The Board may seek independent professional advice upon reasonable request to discharge their duties.

董事會(續)

董事會的主要角色及職責

- 設立本公司的策略性發展方向及制定管理目標；
- 批准年度預算、主要籌資提案及投資提案；
- 決定如年度、中期及季度業績、重大交易、董事之委任、及股息和會計政策等事宜；及
- 檢查用於評估內部監控、風險管理、財務報告及遵守情況充分性的程序。

主席及董事總經理之間的職責分工

為確保權力和授權分布均衡，不致權力僅集中於一位人士，主席及董事總經理之職位已區分，以肯定主席及董事總經理之間有著清晰的職責分工。主席的職責包括但不限於確保董事會會議上所有董事均適當知悉當前的事項，及負責確保董事及時收到充分的資訊，而有關資訊均屬完整及可靠。董事總經理負責經營管理公司業務的日常管理及一般位內職責，包括但不限於提供管理層的領導、制定及維持適當的內部監控系統及程序及為董事會提供資料，讓董事會監察管理層的表現。

所有董事均可獲得公司秘書的意見及服務，確保董事會程序及所有適用規則及規例均獲得遵守。董事會能在合理的要求下尋求獨立專業意見以履行其職責。

Corporate Governance Report (Con't)

企業管治報告(續)

BOARD OF DIRECTORS (Continued)**Division of responsibilities between the Chairman and the Managing Director** (Continued)

Pursuant to the Company's Bye-laws, every director appointed by the Board either to fill a causal vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. In this regard, Mr. Wu Hong Cho will retire by rotation and Mr. Ma Man Hoi, Joseph, who was appointed by the Board of Directors during the year to fill a casual vacancy, will retire in accordance with the Bye-laws, and, being eligible, both retiring directors will offer themselves for re-elections at the forthcoming annual general meeting.

AUDIT COMMITTEE**Composition**

The Company has formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee consists of all independent non-executive directors. The composition of the Audit Committee is as follows:

Cheung Kwan Hung, Anthony (*Chairman*)
Young Wing Chun, Michael Frederick
Ma Man Hoi, Joseph

Role and Function

The principal duties of the Audit Committee are to ensure the objectivity and credibility of financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company.

For the year ended December 31, 2005, the Audit Committee met twice during the year, in particular, to review and discuss the followings:

- the auditing and financial reporting matters;
- the appointment of external auditors;
- the establishment of internal control system; and
- reviewed the interim results and the audited financial statements.

Each member of the Audit Committee has unrestricted access to the Auditors and all senior staff of the Group.

董事會 (續)**主席及董事總經理之間的職責分工** (續)

根據本公司之公司細則，董事會以填補空缺或增添現有董事會成員方式委任之每名董事，其任期僅維持至本公司下屆股東週年大會為止，屆時符合資格於會上膺選連任。就此而言，胡匡佐先生須於即將舉行之本公司股東週年大會輪席退任，而董事會已於年內委任董事馬文海先生以填補臨時空缺，彼亦須於即將舉行之本公司股東週年大會上輪席退任。所有退任董事願膺選連任。

審核委員會**組成**

本公司根據聯交所之規定擬定審核委員會之職權範圍。審核委員會由全體獨立非執行董事組成。審核委員會之組成如下：

張鈞鴻 (主席)
楊永燦
馬文海

角色及職責

審核委員會主要職責為確保財務報告及內部監控程序之客觀性及可信度，以及與本公司外聘的核數師保持良好關係。

於截至2005年12月31日止年度，審核委員會曾舉行兩次會議，以重點審閱及討論以下事項：

- 核數及財務報告事宜；
- 委任外聘核數師；
- 建立內部監控系統；及
- 審閱中期業績及經審核財務報表。

審核委員會每位成員可不受限制地向核數師及集團內所有高級職員獲取資料。

REMUNERATION COMMITTEE

Composition

The Company has formulated written terms of reference for the Remuneration Committee which stated clearly its authorities and duties in accordance with the requirements of the Stock Exchange. The remuneration committee consists of three independent non-executive directors and two executive directors. The composition of the Remuneration Committee is as follows:

Cheung Kwan Hung, Anthony (*Chairman*)
Young Wing Chun, Michael Frederick
Ma Man Hoi, Joseph
Chiu Sing Chung, Raymond
Shum Chun, Lawrence

Role and Function

The Remuneration Committee is responsible for ensuring formal and transparent procedures for developing remuneration policies and overseeing the remuneration packages of the executive Directors and senior management. It takes into consideration on factors such as salaries paid by comparable companies, time commitment and responsibilities of Directors and senior management. The Remuneration Committee meets at least once a year to assess the performance and review the annual salaries and bonus of the senior executives. The remuneration committee held one meeting during the year ended December 31, 2005.

INTERNAL CONTROL

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The evaluation of the effectiveness of the Group's internal control is conducted by the internal auditor on an on-going basis who will directly report to the Audit committee on any significant findings on internal controls.

薪酬委員會

組成

本公司根據聯交所之規定擬定薪酬委員會之職權範圍。薪酬委員會由3位獨立非執行董事及2位執行董事組成。薪酬委員會之組成如下:

張鈞鴻 (主席)
楊永燦
馬文海
趙承忠
岑濬

角色及職責

薪酬委員會負責確保正式及具透明度之薪酬政策制訂程序，以監管執行董事及高級管理層之薪酬組合。薪酬委員會考慮之因素包括可比較公司之薪金水平、各董事及高級管理人員所投入之時間及職責等。薪酬委員會每年最少舉行一次會議以評估表現及審閱高級管理人員每年之薪酬及獎金。於截至2005年12月31日年度止，薪酬委員會已召開了一次會議。

內部監控

董事會需負責本集團的內部監控系統及檢討其效能。本公司的管理層已制定一套完善的政策，標準及程序，範圍包括運作監控、財務監控及風險監控，以保證資產得到保護並免受未經授權的使用或處置；保持適當的會計紀錄；及確保財務資料的可靠性，以達致滿意程度的保證，防止欺詐或錯誤的情況出現。

評估本集團的內部監控由內部核數師按持續基準進行，並向審核委員會匯報有關內部監控的重要審閱結果。