

(1) CORPORATE GOVERNANCE PRACTICES

The Company is always committed to a good standard of corporate governance practices so as to maintain high transparency, accountability and integrity towards its shareholders, stakeholders and investors. Having adopted the code provisions (the “**Code**”) of the Code on Corporate Governance Practices under appendix 14 of the Listing Rules in June 2005, the Board is of the opinion that the Company has met the Code throughout the year ended 31 December 2005. The Board will continue to review and monitor its practices from time to time with an aim to maintaining and improving a good standard of corporate governance practices.

(2) DIRECTORS’ SECURITIES TRANSACTIONS

The Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) in Appendix 10 of the Listing Rules has been adopted as the code on directors’ securities transaction for the Company. After having made specific enquiry with all the Directors, each of them confirms that he/she has complied in full with the Model Code for the year ended 31 December 2005.

(3) BOARD OF DIRECTORS

The Board is composed of six members comprising the Chairman, Deputy Chairman, Chief Executive Officer (“**CEO**”) and three Independent Non-executive Directors. Their biographical details are set out on pages 15 to 16 of the Annual Report. The Board is mainly responsible for overseeing the management of the business affairs, the overall strategic planning and development and reviewing financial and internal control systems and financial performance of the Group. Each Director has access to and had been given timely information for consideration of the businesses of the Group.

(1) 企業管治常規

本公司一直致力維持高水平之企業管治常規，以向其股東、權益持有人及投資者維持高透明度、問責性及公正。於二零零五年六月採納上市規則附錄14企業管治常規守則（「**守則**」）之守則條文後，董事會認為，本公司於截至二零零五年十二月三十一日止年度一直遵守守則。董事會將繼續審閱及不時監察其運作，以維持及促進企業管治常規之良好標準。

(2) 董事之證券交易

本公司已採納上市規則附錄10上市公司董事進行證券買賣的標準守則（「**標準守則**」），作為本公司董事進行證券交易之守則。經向全體董事作出具體查詢後，各董事確認，彼於截至二零零五年十二月三十一日止年度一直全面遵守標準守則。

(3) 董事會

董事會由六名成員組成，包括主席、副主席、行政總裁及三名獨立非執行董事。彼等之履歷詳情載於本年報第15至16頁。董事會主要職責為監督業務管理、整體業務策略及發展以及檢討財務及內部監控制度以及本集團財務表現。各董事可取得並適時獲發資料以便考慮本集團業務情況。



(3) BOARD OF DIRECTORS (continued)

The attendance of each of the Directors is set out in the following –

(3) 董事會 (續)

各董事之出席率如下：

Directors 董事	No. of meetings attended/held 出席／舉行會議次數		
	Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會
Executive Directors 執行董事			
Chan Tze Ngon (<i>Chairman</i>) 陳子昂 (主席)	28/32	–	–
Wu Emmy (<i>Deputy Chairman</i>) 吳安敏 (副主席)	26/32	5/6	2/2
Tang Kin Hung (<i>Chief Executive Officer</i>) 鄧健洪 (行政總裁)	18/32	–	–
Independent Non-executive Directors 獨立非執行董事			
Lo Siew Kiong, John O.B.E., JP 羅肇強 O.B.E., 太平紳士	11/32	6/6	–
Fu Yan Yan 傅欣欣	10/32	4/6	2/2
Wang Xi Ling 王希玲	9/32	3/6	2/2

The Board met 32 times in total for the year ended 31 December 2005 of which four were regular meetings held with two out of the four regular meetings were full Board meetings approving the interim and annual results of the Group. The Board has also met to discuss material transactions made during the year and conducted reviews of the effectiveness of the financial and internal control systems of the Group.

截至二零零五年十二月三十一日止年度，董事會合共舉行32次會議，當中四次為例行會議，四次例行會議當中兩次為全體董事會會議，會上通過本集團之中期及年度業績。董事會亦曾舉行會議以討論年內進行之重大交易，以及檢討本集團財務及內部監控制度之有效性。

(3) BOARD OF DIRECTORS (continued)

To the best of the knowledge of the Company, there is no relationship whether financial, business, family or other material/relevant relationship(s) among members of the Board and in particular, between the Chairman and the CEO. All of the members of the Board were/are free to exercise their independent judgment.

Appropriate director and officer liability insurance cover has been arranged in respect of legal actions against the directors.

(4) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Having adopted and followed the Code, the posts of the Chairman and CEO were separately held by Mr. Chan Tze Ngon and Mr. Tang Kin Hung respectively throughout the year ended 31 December 2005 to ensure a clear distinction between the Chairman's responsibility to lead the Board and the CEO's responsibility to manage the Company's business affairs. The Company intends to continue to have the role of the Chairman and CEO assumed by different individuals.

(5) INDEPENDENT NON-EXECUTIVE AND NON-EXECUTIVE DIRECTORS

In compliance with Rule 3.10(1) and (2), the Company has appointed three Independent Non-executive Directors who have come from diverse and professional backgrounds with one having professional accounting qualification for the year ended 31 December 2005. The Independent Non-executive Directors were appointed for a term of not more than two years from the date of their appointment or re-election by Shareholders. Upon every expiry of their term, the appointment would be renewed for a term of not more than two years. Each of the Non-executive Directors is subject to retirement by rotation and re-election by Shareholders. The Company has received from each of the Independent Non-executive Directors annual confirmations as to their independency and considers them to be sufficiently independent.

(3) 董事會 (續)

據本公司所深知，董事會成員，尤其主席與行政總裁之間並無財務、業務、家庭關係或其他重大／相關關係。所有董事會成員均可自由作出獨立判斷。

本公司已就向董事採取之法律行動作出合適之董事及高級職員責任保險安排。

(4) 主席及行政總裁

採納及沿用有關守則後，於截至二零零五年十二月三十一日止年度，主席及行政總裁職務分別由陳子昂先生及鄧健洪先生出任，以確保清楚劃分主席及行政總裁之責任，主席負責領導董事會，而行政總裁則負責管理本公司業務。本公司擬繼續委任不同人士出任主席及行政總裁。

(5) 獨立非執行董事及非執行董事

為遵守第3.10(1)及(2)條之規定，截至二零零五年十二月三十一日止年度，本公司已委任三名具備不同專業背景之人士出任獨立非執行董事，其中一名具備專業會計資格。獨立非執行董事之任期自彼等獲委任或獲股東重選起計不超過兩年。於彼等之任期屆滿後，任期將重續不超過兩年。各非執行董事須輪值退任並由股東重選連任。至於各獨立非執行董事之獨立身分，本公司已接獲彼等之年度確認，並認為彼等獨立身分符合規定水平。



(6) REMUNERATION OF DIRECTORS

A remuneration committee with specific written terms of reference explaining its role and authority has been established in June 2005, a majority of which comprises Independent Non-executive Directors.

The Chairman of the remuneration committee is Mr. Fu Yan Yan who is an Independent Non-executive Director and the other two members are Ms. Wang Xi Ling and Mr. Wu Emmy who is Independent Non-executive Director and Executive Director respectively.

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 and would make recommendations to the Board in respect of the same. In fulfilling its functions, the remuneration committee would take into consideration factors such as salaries paid by comparable companies, respective time commitment and responsibilities of the Directors and senior management and whether the remuneration packages are competitively attractive to retain the Executive Directors and senior management. The remuneration committee would meet twice a year and it has met in June 2005 and December 2005 for the year ended 31 December 2005.

(7) NOMINATION OF DIRECTORS

The Company did not establish a nomination committee. The Board considers that the determination in appointing and removing of Directors are collective decision of the Board and thus does not intend to adopt the recommended best practice under Code A.4.4 to set up a nomination committee.

(6) 董事酬金

本公司已於二零零五年六月成立薪酬委員會，連同列明其職責及權力之特定書面條款，薪酬委員會大部分成員為獨立非執行董事。

薪酬委員會主席為獨立非執行董事傅欣欣先生，而另外兩名成員為王希玲女士及吳安敏先生，彼等分別為獨立非執行董事及執行董事。

薪酬委員會負責確保沿用正式及具透明度之程序制定薪酬政策及監督執行董事及高級管理人員薪酬待遇，並就此向董事會作出建議。於履行其職能時，薪酬委員會將考慮可比較公司所付薪金、董事及高級管理人員付出之時間及責任以及薪酬待遇是否具競爭力吸引執行董事及高級管理人員留任等因素。薪酬委員會每年舉行兩次會議，截至二零零五年十二月三十一日止年度，薪酬委員會已分別於二零零五年六月及二零零五年十二月舉行會議。

(7) 提名董事

本公司並無成立提名委員會。董事會認為，董事之委任及罷免須由董事會集體決定，因此，董事會不擬採納守則第A.4.4條項下建議最佳常規成立提名委員會。

(8) AUDITORS' REMUNERATION

Nature of work 工作性質	Amount 金額
Very Substantial Disposal, Very Substantial Acquisition 非常重大出售、非常重大收購	400,000.00
Audit Fee 審核費用	680,000.00

(9) AUDIT COMMITTEE

The chairman of the audit committee is Mr. Lo Siew Kiong and the other two members are Ms. Wang Xi Ling and Mr. Fu Yan Yan. All members of the audit committee are Independent Non-executive Directors.

The audit committee was established in June 1999 with clear terms of reference. The primary duties of the audit committee include making recommendations to the Board 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 process in accordance with applicable standard, and reviewing the financial information and accounting policies of the Group as well as overseeing the Company's financial and internal control systems.

The audit committee has unrestricted access to the auditors of the Company, senior members and employees of the Group and may obtain outside legal or other independent professional opinion. The audit committee is also authorised to investigate any activity within its terms of reference.

(8) 核數師酬金

(9) 審核委員會

審核委員會主席為羅肇強先生，另外兩名成員為王希玲女士及傅欣欣先生。全體審核委員會成員均為獨立非執行董事。

本公司於一九九九年六月成立審核委員會，並清楚列明其職權範圍。審核委員會之主要職責包括就委任、續聘及罷免外聘核數師向董事會作出建議；批准委聘外聘核數師之酬金及條款、按照適用準則審閱及監察外聘核數師之獨立及客觀身分以及審核程序之效益，並審閱本集團財務資料及會計政策以及監督本公司財務及內部監控制度。

審核委員會可隨時聯絡本公司核數師、本集團高級職員及僱員，並可取得外界法律及其他獨立專業意見。審核委員會亦獲授權於其職權範圍內調查任何活動。



(9) AUDIT COMMITTEE (continued)

The audit committee has met six times for the year ended 31 December 2005 for reviewing the annual and interim results and the auditing and financial matters, reviewing and discussing the accounting principles and practices adopted by the Company, the appointment of Lawrence CPA Limited in replacement of Ernst & Young as the Company's auditors and the reviewing of the financial and internal control systems of the Company.

(10) DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are prepared in accordance with the statutory requirements and applicable accounting standards. It is also the responsibility of the Directors to ensure the timely publication of the financial statements of the Group.

The statement of the external auditors of the Company Lawrence CPA Limited on their reporting responsibilities in respect of the financial statements of the Group is set out on page 34.

The Directors confirm that, to their best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

(9) 審核委員會 (續)

截至二零零五年十二月三十一日止年度，審核委員會曾舉行六次會議，以審閱年度及中期業績以及審核及財務事宜、檢討及討論本公司採納之會計政策及慣例、委任富勤會計師有限公司取代安永會計師事務所為本公司核數師以及審閱本公司財務及內部監控制度。

(10) 董事對財務報表之責任

董事知悉彼等編製本集團財務報表之責任，並確保財務報表乃根據法定規定及適用會計準則編製。董事亦須確保本集團之財務報表能如期刊發。

本公司外聘核數師富勤會計師有限公司就其對本集團財務報表申報責任之聲明載於第34頁。

董事確認，據彼等經作出一切合理查詢後所深知、全悉及確信，彼等並不知悉任何有或對本公司持續經營能力構成重大疑慮之事件或情況之任何重大不明朗因素。