

CORPORATE GOVERNANCE PRACTICES

The board recognises that good corporate governance of the Company is vitally important for safeguarding the interests of the shareholders and enhancing the performance of the Group. The board is committed to maintaining and ensuring high standards and solid framework of corporate governance. The board firmly believes that sensible corporate governance practices is essential to vigorous but steady growth of the Group. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (“Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) for the year ended 31 December 2005. The board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper manner.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules for securities transactions by directors of the Company in 2004. All the members of the board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2005.

企業管治常規

董事會認為，本公司推行良好企業管治，對保障股東利益及提升本集團表現尤為重要。董事會致力維持及確保具備高水平而又結構穩健之企業管治。董事會深信，明智的企業管治乃本集團健康蓬勃發展之必要元素。本公司於截至二零零五年十二月三十一日止年度已應用香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載企業管治常規守則（「守則」）之原則及遵守所有適用守則條文。董事會將不斷檢討及改進本公司企業管治常規及準則，確保業務活動及決策流程受到妥善規管。

董事進行證券交易

本公司於二零零四年就本公司董事進行證券交易採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）。本公司經作出具體查詢後，獲全體董事會成員確認，彼等於截至二零零五年十二月三十一日止年度一直遵守標準守則載列之指定標準。



CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS

董事會

Composition and role

成員及角色

The board of directors of the Company comprises:

本公司董事會成員包括:

Executive Directors:

執行董事:

HON Kwok Lung (*Chairman*)

韓國龍 (主席)

WANG Shaolan (*Vice Chairman*)

王少蘭 (副主席)

SHANG Jianguang (*Chief Executive Officer*)

商建光 (行政總裁)

SHI Tao

石濤

LAM Toi Man

林代文

Non-executive Director:

非執行董事:

SIT Lai Hei

薛黎曦

Independent Non-executive Directors:

獨立非執行董事:

FUNG Tze Wa

馮子華

KWONG Chun Wai, Michael

鄭俊偉

LI Qiang

李強

The board comprises of five executive directors (one of whom is the Chairman and the other of whom is the Chief Executive Officer), one Non-executive director and three Independent Non-executive directors. In addition, one of the independent non-executive directors (Mr. Fung Tze Wa) possess appropriate professional accounting qualifications and financial management expertise.

董事會由五名執行董事(其中一名為主席,另外一名為行政總裁)、一名非執行董事及三名獨立非執行董事組成。此外,獨立非執行董事馮子華先生擁有適當專業會計資格及財務管理知識。

The principal focus of the board is on the overall strategic development and direction of the Group. The board also monitors the financial performance and the internal controls of the Group's business operations. The board has established a clear segregation of duties and responsibilities between the board and the management as to which type of decisions are to be taken by the board and which are to be delegated to management. This segregation of duties and responsibilities will be reviewed by the board on a regularly basis.

Duties and responsibilities of the board include:

- (a) Establishing the strategic development and direction of the Company;
- (b) Setting the objectives of management;
- (c) Monitoring the performance of management; and
- (d) Overseeing the management of the Company's relationship with business-related parties.

Duties and responsibilities of management include;

- (a) The day to day management and running of the Company;
- (b) Implementing the objectives and decision as set by the board;
- (c) Recommending corporate strategy to the board;
- (d) Utilising appropriate resources to achieve corporate strategy as set by the board; and
- (e) Identifying and recommending appropriate internal control and risk management procedures for the Company;

董事會主要負責制定本集團整體策略發展及方向。董事會另監管本集團業務營運之財務表現及內部監控。董事會已清晰劃分董事會與管理層間職務及職責，以釐定董事會作出之決策類別及管理層獲指派之工作。董事會將定期檢討該等職務及職責之分工。

董事會職務及職責包括：

- (a) 制定本公司發展策略及方向；
- (b) 訂立管理層的目標；
- (c) 監察管理層的表現；及
- (d) 監督本公司管理層與業務相關人士間的關係。

管理層職務及職責包括：

- (a) 本公司日常管理及營運；
- (b) 推行董事會訂定的目標及決策；
- (c) 向董事會推薦企業策略；
- (d) 運用適當資源以達致董事會制定之企業策略；及
- (e) 物色及向本公司推薦適當的內部監控及風險管理程序；

- (f) Developing and recommending policies and procedures to ensure compliance with statutory and moral responsibilities of the Company.

With a wide range of expertise and a balance of skills, the Non-executive director bring independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct through her participating in board meetings and committee work.

The Independent Non-Executive directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Independent Non-executive Directors, to whom any shareholders' concerns can be conveyed, help ensure that the interests of all shareholders, and not only the interests of a particular faction or group, are properly taken into account by the board and that the relevant issues are subjected to objective and dispassionate consideration by the board. The views of the Independent Non-executive Directors carry significant weight in the board's decision-making process. The board considers that each independent non-executive director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such directors to be independent. The independent non-executive directors are explicitly identified in all corporate communications.

- (f) 就確保遵循本公司之法定及道德責任發展及推薦政策及程序。

非執行董事憑藉廣泛知識及各方技能，透過參與董事會會議及委員會事務，就策略、政策、表現、問責、資源、重要委聘及操守準則各項事宜作出獨立判斷。

獨立非執行董事亦肩負重要職能，確保及監管推行有效企業管治結構之基礎。任何股東可表達其關注獨立非執行董事之事宜，獨立非執行董事確保董事會以全體股東，而非以部分人士或派系的利益為依歸，並能公平及客觀考慮有關事宜。獨立非執行董事之意見於董事會決策過程中具重大影響力。董事會認為，各獨立非執行董事在身分及判斷力上均互相獨立，而彼等均符合上市規則所規定之指定獨立條件。本公司已接獲每名獨立非執行董事根據上市規則第3.13條有關其獨立身分的年度確認函，而本公司認為該等董事仍具獨立性。所有企業通訊內均明確識別各獨立非執行董事之身分。

The board meets regularly throughout the year to review the overall strategy, discuss business opportunities and to monitor the operation as well as the financial performance of the Group. With the assistance of the Company Secretary, the Chairman and the Chief Executive Officer are primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all directors. Notice of at least 14 days have been given to all directors for all regular board meetings and the directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular board meetings are sent out in full to all directors within reasonable time before the meeting. Draft minutes of all board meetings are circulated to directors for comment within a reasonable time prior to confirmation.

Minutes of board meetings and meetings of board committees are kept by duly appointed secretaries of the respective meetings and all directors have access to board papers and related materials, and are provided with adequate information on a timely manner, which enable the board to make an informed decision on matters placed before it.

Save as mentioned below, there is no relationship among members of the board:

- (i) Mr. Lam Toi Man (Executive Director) is the brother-in-law of Mr. Hon Kwok Lung (Chairman of the board).
- (ii) Ms. Sit Lai Hei (Non-executive Director) is the daughter-in-law of Mr. Hon Kwok Lung and Ms. Sit's husband is a nephew of Mr. Lam Tai Man.

董事會於年內定期開會檢討整體策略、討論業務商機及監管本集團營運及財務表現。在公司秘書之協助下，主席及行政總裁主要負責在諮詢全體董事後，草擬及批准各董事會會議的議程。董事會就所有定期召開之董事會會議向全體董事發出最少十四日通知，而董事可於需要時在議程內納入討論課題。有關定期董事會會議議程及隨附董事會文件均於會議舉行前在合理時間內全部寄交各董事。所有董事會會議之草擬記錄於確認前於合理時間內交董事傳閱，供彼等發表意見。

董事會及董事委員會會議記錄均由各會議經正式委任之秘書存管。所有董事均可取閱董事會文件及相關資料，並適時獲取充足資料，確保董事會就有待處理事宜作出知情決定。

除下文所述者外，董事會成員間並無任何關係：

- (i) 執行董事林代文先生為董事會主席韓國龍先生之妻舅。
- (ii) 非執行董事薛黎曦女士為韓國龍先生之媳婦，而薛女士之丈夫為林代文先生之外甥。

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企業管治報告

During the year, four board meetings were held and the individual attendance of each director is set out below:

年內，本公司共召開四次董事會會議，個別董事之出席率載列如下：

Name of director 董事姓名		Number of board meetings attended 出席董事會會議次數	Attendance rate 出席率
HON Kwok Lung	韓國龍	2/4	50%
WANG Shaolan	王少蘭	2/4	50%
SHANG Jianguang	商建光	4/4	100%
SHI Tao	石濤	2/4	50%
LAM Toi Man	林代文	1/4	25%
SIT Lai Hei	薛黎曦	1/4	25%
FUNG Tze Wa	馮子華	4/4	100%
KWONG Chun Wai, Michael	鄺俊偉	3/4	75%
LI Qiang	李強	2/4	50%

Chairman and Chief Executive Officer

主席及行政總裁

The roles of chairman and chief executive officer are separate and performed by two different individuals namely, Mr. Hon Kwok Lung as the Chairman and Mr. Shang Jianguang as the Chief Executive Officer. As such, there is a clear division of the responsibilities at the board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

主席及行政總裁之角色有獨立區分，並由兩名不同人士出任，主席為韓國龍先生，而行政總裁則為商建光先生。因此，董事會各項職責獲清晰劃分，確保權力及職權得以取得平衡，使權力不會集中於任何一名個別人士身上。

The division of responsibilities between the Chairman and the Chief Executive Officer has been clearly established and set out in writing which are listed as follows:

主席及行政總裁間職責區分已獲清晰確立，並書面訂明，現載列如下：

The responsibilities of the Chairman include:

主席之職責包括：

- (a) providing leadership for the board;
- (b) ensuring all Directors are properly briefed on matters to be discussed at board meetings;
- (c) ensuring all Directors receive adequate, complete and reliable information in a timely manner;

- (a) 領導董事會；
- (b) 確保全體董事就董事會會議上商議之一切事項獲得適當知會；
- (c) 確保全體董事適時收取足夠、完整及可靠的資料；



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| (d) ensuring that the board works effectively, discharges its responsibilities and discusses all key issues in a timely manner; | (d) 確保董事會有效地運作、履行應有職權，並適時討論所有重要事項； |
| (e) ensuring that, on his behalf, the Company Secretary settles and approves the agenda for Board meetings, taking into account any matters proposed by the other Directors for inclusion in the agenda; | (e) 確保公司秘書考慮其他董事所提呈納入議程之任何事宜後，代彼決定及批准董事會會議議程； |
| (f) ensuring good corporate governance practices and procedures are in place; | (f) 確保持訂良好企業管治常規及程序； |
| (g) giving each Director an opportunity to express his/her views at board meetings, encouraging all Directors to fully contribute to the Board's affairs and ensuring that the board acts in the best interests of the Company; | (g) 給予各董事於董事會會議中發表意見之機會，鼓勵全體董事竭盡所能為董事會事務作出貢獻，並確保董事會以本公司最佳利益行事； |
| (h) at least annually holding meetings with the Non-executive Directors (including Independent Non-executive directors) without the Executive Directors present; and | (h) 最少每年與非執行董事（包括獨立非執行董事）舉行會議，而會議中並沒有執行董事參予；及 |
| (i) facilitating the effective contribution of Non-executive Directors in particular and building constructive relations between Executive and Non-executive Directors. | (i) 特別促使非執行董事作出有效貢獻，並建立執行董事與非執行董事之間具助益性關係。 |

The responsibilities of the Chief Executive Officer include:

行政總裁之職責包括：

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| (a) providing leadership for the management; | (a) 領導管理層； |
| (b) implementing and reporting to the board on the Company's strategy; | (b) 推行及向董事會匯報本公司策略； |
| (c) overseeing the realisation by the Company of the objectives set by the board; | (c) 監督本公司實踐董事會制訂之目標； |
| (d) providing all such information to the board as is necessary to enable the board to monitor the performance of management; | (d) 為董事會提供所需資料，讓董事會監管管理層表現； |

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| (e) leading the management of the Company's relationships with other business-related parties; | (e) 領導本公司管理層與其他業務相關人士之關係； |
| (f) with the Chief Financial Officer (CFO), establishing and maintaining proper internal controls, systems and procedures; and | (f) 聯同財務總監設立及維持適當內部監控、系統及程序；及 |
| (g) discharging such duties and authority as may be delegated in writing to him by the board. | (g) 履行董事會可能以書面指派之職責及權力。 |

Re-election of Directors

Code A.4.1 of the Code stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. The Non-executive director of the Company, Ms. Sit Lai Hei ("Ms. Sit") and one of the Independent non-executive directors of the Company, Mr. Li Qiang ("Mr. Li") had no fixed term of office prior to 23 August 2005, but retired from office on a rotational basis in accordance with the relevant provisions of the Company's Articles of Association.

To comply with the said code A.4.1, Ms. Sit and Mr. Li were appointed for a specific term at the Board Meeting of the Company held on 23 August 2005 which shall continue until 17 November 2006, but subject to the rotation provision of the Company's Articles of Association and shall retire at least once every three years.

Each of the other two Independent Non-executive directors, Mr. Fung Tze Wa and Dr. Kwong Chun Wai, Michael has entered into a service agreement with the Company for a term of two years commencing from 3 May 2004 and shall continue thereafter for successive terms of one year commencing from the date next after the expiry of the then current term. But such term is subject to the rotation provision of the Company's Articles of Association and they shall retire at least once every three years.

重選董事

守則第A.4.1條規定，非執行董事須按指定任期獲委任，並須重選連任。本公司非執行董事薛黎曦女士（「薛女士」）及本公司其中一名獨立非執行董事李強先生（「李先生」）於二零零五年八月二十三日並無固定任期，惟須根據本公司之章程細則有關條文輪值告退。

為符合上述守則第A.4.1條，薛女士及李先生於本公司在二零零五年八月二十三日舉行之董事會會議獲設指定任期，直至二零零六年十一月十七日，惟須遵守本公司章程細則之輪值退任條文，並最少每三年退任一次。

其他兩名獨立非執行董事馮子華先生及鄭俊偉博士各自與本公司有訂立服務協議，自二零零四年五月三日起計為期兩年，並須按當時現有任期屆滿後翌日起續任一年，惟有關任期須按本公司章程細則之輪值退任條文規限，而彼等須最少每三年退任一次。

Pursuant to the existing Articles of Association of the Company, at every annual general meeting, one-third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not greater than one-third shall retire from office. Besides, the Company will ensure full compliance with the Code provision that every director should be subject to retirement by rotation at least once every three years.

In order to bring the Company's Articles of Association in alignment with code A.4.2 of the Code, the Company proposes to seek approval from the shareholders of the Company at the annual general meeting on amendments to Articles 99 and 116 of the Company's Articles of Association so that any director elected to fill a casual vacancy shall hold office only until the next following general meeting of the Company.

Remuneration Committee

The Remuneration Committee was established on 23 August 2005 and the current members include:

FUNG Tze Wa – *Committee Chairman*
KWONG Chun Wai, Michael
Li Qiang
HON Kwok Lung
SHANG Jianguang

The majority of the Remuneration Committee members are Independent Non-executive directors. The Remuneration Committee recommends the board on the Group's overall policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee ensures that no director or any of his/her associates is involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee were adopted on 23 August 2005 which are consistent with the requirements of the Code, a copy of which is posted on the Company's website.

根據本公司現行組織章程細則規定，於每屆股東週年大會上，當時三分之一董事，或倘有關人數並非三之倍數則最接近但不超過三分之一董事須退任。此外，本公司將確保全面遵守守則有關每名董事須最少每三年輪值退任一次之條文。

為令本公司之組織章程細則與守則第A.4.2條一致，本公司建議於股東週年大會徵求本公司股東批准，修訂本公司組織章程細則第99及116條，以致獲選填補臨時空缺之董事任期僅至本公司下屆股東大會為止。

薪酬委員會

薪酬委員會於二零零五年八月二十三日成立，現任成員包括：

馮子華 – 委員會主席
鄭俊偉
李強
韓國龍
商建光

薪酬委員會大多數成員均為獨立非執行董事。薪酬委員會就本集團所有董事及高層管理人員薪酬之整體政策及結構，以及就制定薪酬政策確立正規而具透明度程序，向董事會提出建議。薪酬委員會須確保董事或彼之任何聯繫人士均不得參與釐定其本身薪酬之決定。薪酬委員會之書面職權範圍於二零零五年八月二十三日獲採納，與守則規定貫徹一致。有關之書面職權範圍已刊載於本公司網站。

The Remuneration Committee has met once on 20 December 2005 to determine the main elements of the Company's remuneration policy for directors and senior management, and to review the specific remuneration packages of all directors and senior management.

The main elements of the Company's remuneration policy are as follows:

- (a) no individual should determine his or her own remuneration;
- (b) remuneration should be broadly aligned with companies with whom the Company competes for human resources;
- (c) the Company should aim to design policies that attract and retain executives needed to run the Group successfully and to motivate executives to pursue appropriate growth strategies whilst taking into account performance of the individual and the Group shall avoid paying more than is necessary for such purpose;
- (d) remuneration should reflect time committed, performance, complexity and responsibility of the individual;
- (e) Performance – based remuneration should be reviewed and approved by reference to corporate goal and objectives resolved by the board from time to time; and
- (f) the remuneration package will be structured to include salary, bonus and/or share options schemes to provide incentives to Directors and senior management to improve their individual performance.

薪酬委員會於二零零五年十二月二十日曾舉行會議，以釐定本公司董事及高層管理人員薪酬政策之主要內容，並審閱全體董事及高層管理人員之具體薪酬組合。

本公司薪酬政策之主要內容如下：

- (a) 任何人士不得自行釐定其本身之薪酬；
- (b) 薪酬須與本公司存在人力資源競爭之公司大致相若；
- (c) 本公司須致力策劃政策，吸引及留聘成功營運本集團所需行政人員，並於考慮個別員工表現之情況下，推動行政人員實踐適當的增長策略，而本集團須避免就此投放過多的資源；
- (d) 薪酬須反映個別員工付出之時間、表現、工作複雜性及職責；
- (e) 按表現釐定之薪酬須由董事會經參考企業宗旨及目標後不時審閱及批准；及
- (f) 薪酬組合結構包括薪金、花紅及／或優先認購股份權計劃，為董事及高層管理人員提供獎勵，以改善彼等之個人表現。

CORPORATE GOVERNANCE REPORT

企業管治報告

During the year, one Remuneration Committee meeting was held, the individual attendance of each member is set out below:

年內，本公司曾舉行一次薪酬委員會會議，個別成員之出席率載列如下：

Name of director 董事姓名	Number of meetings		Attendance rate 出席率
		attended 出席薪酬委員會會議次數	
FUNG Tze Wa	馮子華	1/1	100%
KWONG Chun Wai, Michael	鄺俊偉	0/1	0%
LI Qiang	李強	1/1	100%
HON Kwok Lung	韓國龍	1/1	100%
SHANG Jianguang	商建光	1/1	100%

Nomination of Directors

董事提名

The Company has not established a Nomination Committee. The board will assume the responsibilities to manage the matters relating to the appointment and removal of directors which include the following duties:

本公司並無設立提名委員會。董事會將承擔管理有關董事委聘及罷免事宜，包括下列各項：

- | | |
|--|---|
| (a) review the structure, size and composition (including the skills, knowledge and experience) of the board on a regular basis; | (a) 定期檢討董事會架構、人數及組成，包括技術、知識及經驗方面； |
| (b) identify individuals suitably qualified to become board members and select individuals nominated for directorships; | (b) 物色個別合資格成為董事會成員之人士，並甄選個別獲提名人士出任董事職務； |
| (c) assess the independence of independent non-executive directors; and | (c) 評核獨立非執行董事之獨立性；及 |
| (d) discuss relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer as and when required. | (d) 討論委任或續聘董事及（當有需要時）董事（尤其是主席及行政總裁）繼任計劃的有關事宜。 |

During the year under review, as the board had no plan to nominate new directors and the respective terms of service for all the existing directors are still in effect, the board has not yet discussed or set up the nomination procedures and the process and criteria to select and recommend candidates for directorship during the year.

Audit Committee

The Audit Committee was established in 1999 and its current members include:

FUNG Tze Wa – *Committee Chairman*
KWONG Chun Wai, Michael
LI Qiang

All members of the Audit Committee are Independent non-executive directors. The board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management on the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules. The written terms of reference which describe the authority and duties of the Audit Committee were adopted in 1999 and subsequently revised on 23 August 2005 to conform to the provisions of the Code, a copy of which is posted on the Company's website.

During the year under review, the Audit Committee has met three times to review the reporting of financial (including half-yearly and annual results) and other information to shareholders, the system of internal controls, risk management, effectiveness and objectivity of the audit process as well as to perform its other duties set out in its terms of reference. The Audit Committee also provides an important link between the board and the Company's external auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the external auditors and the effectiveness of the audit process in accordance with the applicable standard.

回顧年內，由於董事會並無計劃委任新任董事，而全體現任董事各自之服務合約或任期仍然生效。因此於年內，董事會尚未討論或訂立提名程序，以及甄選及推薦候任董事之程序及準則。

審核委員會

審核委員會已於一九九九年成立，其現任成員包括：

馮子華 – 委員會主席
鄺俊偉
李強

全體審核委員會成員均為獨立非執行董事。董事會認為，各審核委員會成員均擁有廣博的商業經驗，而審核委員會於營運、會計及財務管理方面亦具備適當且多元化經驗。審核委員會之組成及成員均符合上市規則第3.21條規定。詳述審核委員會之權力及職責之書面職權範圍已於一九九九年獲採納，其後於二零零五年八月二十三日獲修訂，以符合守則條文之規定。有關書面職權範圍已刊載於本公司網站。

回顧年內，審核委員會共舉行了三次會議，以審閱包括中期及年度業績之財務報告及須向股東提供之資料、內部監控系統、風險管理、核數程序成效與客觀性，以及履行職權範圍內訂定之其他職務。審核委員會另作為董事會與本公司外聘核數師間之重要橋樑，以便雙方處理職權範圍內之事宜，並按照適用準則不時審閱外聘核數師之獨立性及客觀性，以及核數程序之成效。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the accounts for the year ended 31 December 2005.

During the year, three Audit Committee meetings were held and the individual attendance of each member is set out below:

審核委員會與管理層審閱了本集團採納之會計準則及慣例，並討論了內部監控及財務申報事宜，包括審閱截至二零零五年十二月三十一日止年度之賬目。

年內，本公司共舉行了三次審核委員會會議，個別成員之出席率載列如下：

Name of director 董事姓名	Number of meetings attended 出席審核委員會會議次數		Attendance rate 出席率
	FUNG Tze Wa 馮子華	3/3	100%
KWONG Chun Wai, Michael 鄺俊偉	2/3	67%	
LI Qiang 李強	1/3	33%	

AUDITORS' REMUNERATION

For the year ended 31 December 2005, the Company has paid (i) an audit fee of HK\$1,350,000 in relation to the audit services for the financial statements for the year ended 31 December 2004; and (ii) non-audit services fee in aggregate of HK\$640,000 in relation to the review of the interim results for the six month ended 30 June 2005 and the review of the unaudited pro forma financial information in relation to a Major Transaction as defined in the Listing Rules.

INTERNAL CONTROLS

The board has overall responsibility for maintaining an adequate 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 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 and reporting to the board and Audit Committee on its material findings.

核數師酬金

截至二零零五年十二月三十一日止年度，本公司(i)就截至二零零四年十二月三十一日止年度財務報表之審核服務支付1,350,000港元核數費用；及(ii)就審閱截至二零零五年六月三十日止六個月之中期業績及就審閱有關一宗主要交易（定義見上市規則）未經審核備考財務資料之非審核服務合共支付640,000港元費用。

內部監控

董事會對維持本公司完善內部監控系統及檢討其成效承擔整體責任。董事會致力推行有效及穩健之內部監控系統，保障股東利益及本集團資產。董事會已委派管理層推行內部監控系統，並檢討已建立架構內的所有相關財務、營運、合規監控及風險管理等效能，並向董事會及審核委員會匯報重要發現。

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the 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 Standards 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 are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavours to maintain a high level of transparency in communicating with shareholders and the investment community at large. In order to ensure effective, clear and accurate communications with the shareholders and investors, 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 and interim results in a timely manner during the year under review, which is within the time limits set out in the Listing Rules. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the re-election of individual directors. In addition, procedures for demanding a poll are included in the circular to shareholders dispatched together with the annual report.

The Company has also maintained a website at www.chinahaidian.com which enables shareholders, investors and the general public to have access to the information of the Company on a timely basis. Financial information and all shareholder corporate communications of the Company are made available on the Company's website and updated regularly.

董事責任聲明

董事負責編製各財政期間的賬目，該等賬目真確反映本集團於該期間的事務、業績及現金流量。編製截至二零零五年十二月三十一日止年度賬目時，董事選用及貫徹應用適當會計政策；採納適當香港財務申報準則及香港會計準則；作出多項審慎合理之調整及估計；以及按持續經營基準編製賬目。董事另有責任置存適當會計記錄，於任何時間合理準確地披露本公司的財政狀況。

投資者關係及溝通

本公司致力維持高水平透明度，務求與股東及大眾投資團體連繫溝通。為確保與股東及投資者維持有效、清晰而準確的溝通渠道，所有公司通訊由執行董事及獲委派之高層管理人員根據本公司既定慣例及程序作出安排及處理。

回顧年內，本公司於上市規則所載時限內，適時公佈其全年及中期業績。於股東大會就每個重大個別事項（包括重選個別董事）提呈獨立決議案。此外，要求按股數投票表決之程序已載入連同年報一併送交股東之通函內。

本公司另設立網站www.chinahaidian.com，供股東、投資者及公眾人士適時瀏覽本公司資料。本公司財務資料及所有與股東的公司通訊均刊載於本公司網站，並會定期更新。