



CORPORATE GOVERNANCE REPORT

公司管治報告

The board of directors of the Company (the “Board”) is committed to maintain and ensure high standards of corporate governance and is continuously reviewing and improving the corporate governance practices and standards of the Group to ensure that business activities and decision making processes are regulated in a proper manner.

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2005 save as the deviations as disclosed in the interim report for the six months ended 30 June 2005. The Board will continue to review and foster its own Code of Corporate Governance Practices from time to time. The Company will seek to improve its management and raise its control level to enhance the Company’s competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders.

THE BOARD OF DIRECTORS

Board Composition

The Board is led by the Chairman and currently comprises seven executive directors (one of whom is the Chairman) and four independent non-executive directors. The directors of the Company during the year and up to the date of this Annual Report were:

Executive Directors

Mr. Chan See Kit, Johnny (*Chairman*)
Mr. Chan Chak Mo (*Managing Director*)
Mr. Lai King Hung (*Deputy Chairman*)
Ms. Leong In lan
Mr. Tong Ka Wai
Mr. Lim Kam Hung
Mr. Ho U Un

Independent Non-Executive Directors

Mr. Cheung Hon Kit
Mr. Chui Sai Cheong
Mr. Yu Kam Yuen Lincoln
Mr. Chan Shek Wah

本公司之董事會（「董事會」）致力維持及確保實施高水準之公司管治，現正不斷檢討及改善本集團之公司管治常規及準則，確保業務運作及決策過程均受到適當規管。

除截至二零零五年六月三十日止六個月之中期報告所披露之偏離情況外，於截至二零零五年十二月三十一日止年度內，本公司均一直遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之企業管治常規守則。董事會將繼續不時檢討及完善本身之企業管治常規守則。本公司將尋求改善其管理及加強監控水平，藉以提高本公司之競爭力及營運效率，獲保得以持續發展及為股東帶來更豐厚回報。

董事會

董事會之組成

由主席領導之董事會現有七名執行董事（其中一人為主席）及四名獨立非執行董事。以下為於本年度內及截至本年報日期止在任之本公司董事：

執行董事

陳思杰先生（*主席*）
陳澤武先生（*董事總經理*）
黎經洪先生（*副主席*）
梁衍茵女士
唐家威先生
林金熊先生
何汝源先生

獨立非執行董事

張漢傑先生
崔世昌先生
余錦遠先生
陳錫華先生

THE BOARD OF DIRECTORS – continued

Board Composition – continued

The biographical details of the directors are set out on pages 20 to 23 of this Annual Report. The Board possesses a balance of skill and experience which are appropriate for the requirements of the business of the Company. The independent non-executive directors of the Company have appropriate professional qualifications and their professional opinions raised in the Board meetings facilitate the maintenance of good corporate governance practices. In compliance with Rule 3.10 (1) and (2) of the Listing Rules, Mr. Chui Sai Cheong, one of the independent non-executive directors, specializes in financial management. A balanced composition of executive and non-executive directors also generates a strong independent element on the Board, which can exercise independent judgement effectively and make decision objectively for the best interests of the Company. The Company will review the composition of the Board regularly to ensure the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business.

The Company does not at present have any officer with the title of “chief executive officer” (“CEO”) but instead the duties of a CEO are performed by the Managing Director. In order to have a clear division between the management of the Board and the day-to-day management of the business operation of the Company, the role of the Chairman is separate from that of the Managing Director. The Chairman focuses on overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board. The Managing Director is responsible for all day-to-day corporate management matters as well as planning and developing the Group's strategy. Such division of responsibilities helps to reinforce their independence and to ensure a balance of power and authority.

All independent non-executive directors are free from any business or other relationship with the Company. The Company has received from each independent non-executive director a confirmation of his independence. The Board considers that each independent non-executive director is independent in character and judgement and that they all meet the specific independence criteria as required under Rule 3.13 of the Listing Rules. Moreover, all independent non-executive directors are engaged on service contracts for a term of one year commencing on date of appointment and thereafter for further successive periods of one year, subject to retirement by rotation and re-election in accordance with the provisions of the Bye-laws of the Company.

董事會 – 續

董事會之組成 – 續

董事之履歷載於本年報第20至23頁。董事會成員具備經營本公司業務所需之各種技能及經驗。本公司之獨立非執行董事擁有適當之專業資格，彼等於董事會會議上提出之專業意見有助維持良好之公司管治常規。其中一名獨立非執行董事崔世昌先生擅長財務管理，符合上市規則第3.10(1)及(2)條之規定。執行董事及非執行董事之均衡分配比例亦大大提升董事會之獨立性，可有效發揮獨立判斷及客觀地為本公司之最佳利益制訂決策。本公司將定期檢討董事會之組成，確保董事會擁有適當及所需之專長、技能及經驗，以滿足本集團之業務需求。

本公司目前並無設立「行政總裁」職銜，行政總裁之職務現由董事總經理負責。為釐清董事會之管理及本公司業務運作之日常管理工作，主席與董事總經理之職責清楚劃分，主席專注本集團之整體發展與策略路向，及領導董事會並監督董事會發揮高效職能。董事總經理負責一切日常管理工作，如規劃及推行本集團之策略。上述責任分家安排有助加強彼此之獨立性，確保權力得到平均分配。

所有獨立非執行董事均無參與本公司之任何業務，與本公司亦不存在其他關係。本公司已接獲各獨立非執行董事就其獨立身份而發出之確認聲明。董事會認為，獨立非執行董事在性格及判斷上各擅勝長，全部均符合上市規則第3.13條明確規定之獨立標準。此外，全體獨立非執行董事之服務合約均為期一年，由委任當日起計，期滿後可再續任，任期亦為一年，但須根據本公司之公司細則輪值退任及重選連任。



CORPORATE GOVERNANCE REPORT

公司管治報告

THE BOARD OF DIRECTORS – *continued*

Board Composition – *continued*

To keep abreast of the responsibilities as a director of the Company and of the conduct, business activities and development of the Company, the directors are from time to time provided with information relating to the activities and development of the businesses of the Group and also the legal and regulatory requirements as a director of the Company. In addition, they are given full access to independent professional advice whenever deemed necessary by the Directors at the Company's expenses. No requests were made by any director for such independent professional advice in 2005.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the year.

To enhance the corporate governance of the Group as a whole, the Board has established a written guideline on terms no less exacting than the Model Code for employees of the Company and directors and employees of the Company's subsidiaries and holding company who are likely to be in possession of unpublished price sensitive information in relation to the Group or securities of the Company. No incidents of non-compliance were noted by the Company in 2005.

Nomination of Directors

The Board is empowered under the Company's Bye-laws to appoint any person as a director either to fill a casual vacancy on or as an additional member of the Board. The selection criteria are mainly based on the professional qualification and experience of the candidate. A newly appointed director must retire and be re-elected at the first general meeting after his appointment. At each annual general meeting, one-third of the directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring director shall be eligible for re-election.

董事會 – 續

董事會之組成 – 續

為清楚瞭解本公司董事之職責及本公司之運作、業務狀況及發展，董事不時獲提供有關本集團業務運作及發展之資料，以及作為本公司董事所須遵守之法定及監管規定。此外，董事可在彼等認為有需要時徵詢獨立專業意見，所需費用由本公司支付。於二零零五年並無董事要求徵詢獨立專業意見。

董事之證券交易

本公司已就董事之證券交易採納一套不比上市規則附錄10所載上市發行人董事證券交易標準守則（「標準守則」）寬鬆之操守守則。經向本公司全體董事作出具體查詢後，全體董事均確認彼等於年內均遵守標準守則及本公司就董事之證券交易而製訂之操守守則所列載之規定。

為加強本集團之整體管治質素，董事會已為有機會接觸到尚未公佈且涉及本集團或本公司證券之股價敏感資料之本公司僱員及本公司附屬公司及控股公司之董事及僱員製訂不比標準守則寬鬆之書面指引。於二零零五年本公司並無發現任何違規事件。

董事之提名

董事會根據本公司之公司細則獲授權委任任何人士擔任董事，以填補董事會之遺缺或新增席位。甄選標準主要視乎候選人之專業資格及經驗而定。新任董事必須於獲委任後之首次股東大會上退任及重選連任。於每屆股東週年大會上，三分之一董事（或倘人數並非三之倍數，則為最接近但不少於三分之一之數）須輪值告退。退任董事符合資格重選連任。

THE BOARD OF DIRECTORS – continued

Board Meeting

Regular Board meetings are held at least four times a year to approve annual and interim results, review the business operation and the internal control system of the Group and the meeting schedule will be fixed at the beginning of each year. Apart from these regular meetings, Board meetings are also held to approve major issues. At least 14 days' notice of each regular meeting is given to all directors. Agendas and accompanying Board papers are sent not less than 3 days before the date of Board meetings to ensure that the directors are given sufficient review time. Draft minutes of Board meetings and Board committee meetings are circulated to directors for their review and comment while final version of the said minutes, duly signed, are sent to all members for their records. All said minutes are kept by the Company Secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any director.

During the year ended 31 December 2005, five Board meetings were held and the individual attendance of directors are set out as follows:

Directors

Mr. Chan Chak Mo
Mr. Chan See Kit, Johnny *
Mr. Lai King Hung *
Ms. Leong In lan
Mr. Tong Ka Wai
Mr. Lim Kam Hung
Mr. Ho U Un
Mr. Chan Chun Yin, Joseph#
Mr. Cheung Hon Kit
Mr. Chui Sai Cheong
Mr. Yu Kam Yuen Lincoln
Mr. Chan Shek Wah

董事

陳澤武先生
陳思杰先生*
黎經洪先生*
梁衍茵女士
唐家威先生
杜金熊先生
何汝源先生
陳駿賢先生#
張漢傑先生
崔世昌先生
余錦遠先生
陳錫華先生

* Mr. Chan See Kit, Johnny and Mr. Lai King Hung were appointed on 16 December 2005

Mr. Chan Chun Yin, Joseph resigned on 30 April 2005

董事會 – 續

董事會會議

董事會每年至少舉行四次例會，議程包括批准全年及中期業績、檢討本集團之業務運作及內部監控系統，會期將於每年開始時訂定。除此等例會外，董事會亦就批准重大事項召開會議。全體董事於每次例會舉行之前獲發至少14日通知。議程及有關文件於董事會會議舉行日期之前至少3日寄予董事，確保董事有充份時間審閱。董事獲分發董事會會議及董事委員會會議之草擬會議記錄以供審閱批註，而經正式簽署之會議記錄定稿則送交全體董事會成員存案。上述所有會議記錄均由本公司之公司秘書保管，可供任何董事於任何合理時間內在發出合理通知後公開查閱。

於截至二零零五年十二月三十一日止年度，董事會共召開五次會議，以下為董事之出席情況：

No. of meeting attended 出席會議次數

陳澤武先生	5/5
陳思杰先生*	0/5
黎經洪先生*	0/5
梁衍茵女士	5/5
唐家威先生	5/5
杜金熊先生	2/5
何汝源先生	0/5
陳駿賢先生#	1/5
張漢傑先生	2/5
崔世昌先生	3/5
余錦遠先生	2/5
陳錫華先生	2/5

* 陳思杰先生及黎經洪先生於二零零五年十二月十六日始獲委任

陳駿賢先生於二零零五年四月三十日呈辭



CORPORATE GOVERNANCE REPORT

公司管治報告

THE BOARD OF DIRECTORS – *continued*

Board and Management

To enable all directors to make informed decisions in Board meetings and to discharge their duties and responsibilities, appropriate, complete and reliable information prepared by the management of the Company is provided to the directors in a timely manner. To further reinforce independence, the Board and each director can have separate and independent access to the management of the Company if additional information is required.

In order to have a clear principle in relation to matters specifically reserved to the Board for decisions, functions between the Board and the management of the Company are formalized. Matters reserved to the Board for decision include the making of significant financial and legal commitments, merger and acquisition, material asset acquisition or disposal, the change of share capital, the approval of financial reporting, budgeting, management succession and representation to shareholders. The management on the other hand is responsible for the day-to-day running of the Group. It is required to submit reports on the operations to the Board on a regular basis and make recommendations to the Board on the development of major projects or business proposals and their respective implementation. The Board is of the view that such division of responsibilities can enhance the corporate governance of the Company.

Remuneration of Directors

The Board set up the Remuneration Committee in December 2005 with specific written terms of reference which deal clearly with its authority and duties. The Remuneration Committee's role is to make recommendation to the Board on the remuneration policy and structure for directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance, having regard to the interests of shareholders. The principal duties of the Remuneration Committee include determining the specific remuneration packages of all executive directors and senior management as well as reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The members of the Remuneration Committee include:

Mr. Cheung Hon Kit (*Committee Chairman*)
Mr. Chui Sai Cheong
Mr. Chan Shek Wah

董事會 – 續

董事會及管理層

為使全體董事能於董事會會議上作出知情決定及履行本身之職責，董事適時獲提供由本公司管理層整理之恰當、完整及可靠資料。為進一步加強獨立性，董事會及每位董事如需額外資料，可自行聯絡本公司之管理層。

為了就指定須由董事會決定之事項定下清晰原則，董事會與本公司管理層各司己職。須留待董事會決定之事項包括作出重大之財務及法定承擔、收購合併、重大資產收購或出售、更改股本、批准財務報告、製訂預算、管理層繼任問題及向股東交代等。管理層則負責本集團之日常運作，且須定期向董事會匯報營運狀況，及就重大項目或業務方案之發展及其實施向董事會提供建議。董事會認為釐清職責範圍可加強本公司之公司管治。

董事之薪酬

董事會於二零零五年十二月成立薪酬委員會，並以書面明確界定其權力及職責。薪酬委員會之職責為就董事及高級管理層之薪酬政策及架構向董事會提供建議，確保在顧及股東利益之餘，對本集團整體表現有所貢獻之董事及高級管理人員均獲得公平回報。薪酬委員會之主要職責包括釐定全體執行董事及高級管理層之薪酬待遇，以及根據董事會不時議決之公司目標及宗旨檢討及批准按工作表現釐定之酬金。

薪酬委員會之成員包括：

張漢傑先生 (*委員會主席*)
崔世昌先生
陳錫華先生

THE BOARD OF DIRECTORS – continued

Remuneration of Directors – continued

All Remuneration Committee members are independent non-executive directors. During the year ended 31 December 2005, no Remuneration Committee meetings were held.

The remuneration, comprising director's fee, of independent non-executive directors is subject to recommendation by the Remuneration Committee for shareholders' approval at the annual general meeting. Reimbursement is allowed for out-of pocket expenses incurred (including traveling and hotel expenses) in connection with the performance of their duties.

AUDIT COMMITTEE

The Board set up the Audit Committee in 2002 with specific written terms of reference which deal clearly with its authority and duties. The Audit Committee is to review the Group's financial reporting, internal controls and corporate governance issues and make relevant recommendations to the Board. The Audit Committee meets formally at least four times a year.

The members of the Audit Committee include:

Mr. Cheung Hon Kit (*Committee Chairman*)
Mr. Chui Sai Cheong
Mr. Chan Shek Wah

All Audit Committee members are independent non-executive directors. During the year ended 31 December 2005, four Audit Committee meetings were held and the individual attendance of members are set out as follows:

Members	成員	No. of meeting attended 出席會議次數
Mr. Cheung Hong Kit	張漢傑先生	4/4
Mr. Chui Sai Cheong	崔世昌先生	4/4
Mr. Chan Shek Wah	陳錫華先生	4/4

董事會 – 續

董事之薪酬 – 續

薪酬委員會全體成員均為獨立非執行董事。於截至二零零五年十二月三十一日止年度，薪酬委員會並無召開會議。

獨立非執行董事之酬金（包括董事袍金）須待股東在考慮薪酬委員會之建議後於股東週年大會上批准方可作實。就履行職責而墊付之開支（包括交通及酒店住宿費用）可實報實銷。

審核委員會

董事會於二零零二年成立審核委員會，並以書面明確界定其權力及職責。審核委員會負責審閱本集團之財務申報、內部監控及公司管治等問題，並向董事會提供有關建議。審核委員會每年至少召開四次會議。

審核委員會成員包括：

張漢傑先生（*委員會主席*）
崔世昌先生
陳錫華先生

審核委員會全體成員均為獨立非執行董事，於截至二零零五年十二月三十一日止年度，審核委員會共召開四次會議，以下為個別成員之出席情況：



CORPORATE GOVERNANCE REPORT

公司管治報告

AUDIT COMMITTEE - *continued*

In discharging its responsibilities, the Audit Committee had performed the following works during the year of 2005:

- (i) reviewed the effectiveness of the audit process in accordance with the applicable standards;
- (ii) reviewed the draft interim and annual financial statements and the related draft results announcements;
- (iii) reviewed the change in accounting standards and assessment of potential impacts on the Group's financial statements;
- (iv) reviewed the Group's internal control system and discussed the relevant issues including financial, operational and compliance controls and risk management functions; and
- (v) made recommendation on the appointment or reappointment of the external auditors and approved their terms of engagement.

AUDITORS' REMUNERATION

During the year, BDO McCabe Lo Limited, the auditors of the Company provided the audit service to the Group for HK\$470,000. The Group also paid HK\$250,000 to Deloitte Touche Tohmatsu, the previous auditors of the Company as audit service fee.

RESPONSIBILITY FOR PREPARATION AND REPORTING OF ACCOUNTS

The directors of the Company acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the auditors about their reporting responsibilities is set out on page 30 of this Annual Report.

INTERNAL CONTROLS

A sound and effective internal control system is important to safeguard the shareholders' investment and the Company's assets. During the year, the Board has reviewed the effectiveness of the internal control system of the Group. The review covers all material controls, including financial, operational and compliance controls and risk management functions of the Group.

審核委員會 - 續

審核委員會於二零零五年已進行如下工作：

- (i) 根據適用準則檢討審核過程之成效；
- (ii) 審閱草擬中期及全年財務報表及相關之草擬業績公佈；
- (iii) 審閱會計準則之變動及評估可能對本集團財務報表產生之潛在影響；
- (iv) 檢討本集團之內部監控系統及商議有關事項，包括財務、營運及合規監控以及風險管理等工作；及
- (v) 就委聘或續聘外界核數師提供建議及批准委聘條件。

核數師之酬金

年內本公司之核數師德豪嘉信會計師事務所有限公司就向本集團提供核數服務而收取470,000港元。本集團亦已向本公司之前任核數師德勤•關黃陳方會計師行支付核數服務費250,000港元。

編製及呈報賬目之責任

本公司董事明白彼等須負責根據法例規定及適用會計準則編製賬目。核數師就其呈報責任而發出之聲明載於本年報第30頁。

內部監控

健全而有效之內部監控系統對於保障股東投資及本公司之資產非常重要。年內董事會已檢討本集團內部監控系統之成效。檢討工作涵蓋所有重要監控範疇，包括本集團之財務、營運及合規監控以及風險管理。

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

According to the Bye-laws of the Company, shareholders, holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company, can by written requisition to the Board or the Company Secretary of the Company convene a special general meeting for the transaction of any business specified in such requisition. Any general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one clear days' notice, whilst others may be called by not less than fourteen clear days' notice. The chairman of any general meetings ensures that the shareholders are informed of the procedure for demanding a poll by way of making the disclosure in the circulars to shareholders and repeating the same during the general meetings. The chairman of general meetings also ensures compliance with the requirements about voting by poll contained in the Listing Rules and the Bye-laws of the Company.

In order to maintain an on-going dialogue with shareholders, shareholders are encouraged to attend annual general meetings of the Company at which the Chairman of the Board and the chairman of the Board committees are available to answer questions related to the Group's business.

Shareholders' comments and suggestions as well as any proposals put forward to shareholders' meetings at a reasonable time are welcome and such comments and proposals can be sent in writing to the Company Secretary at the Company's principal place of business in Hong Kong. The Board endeavors to answer all invaluable questions from the shareholders.

In 2005, the Company's Bye-laws were amended to incorporate the changes that are required under the revised Listing Rules.

股東權利及投資者關係

根據本公司之公司細則，凡於提出有關要求當日持有本公司實收資本（附有權利可於本公司之股東大會上投票）不少於十分之一之股東可以書面向本公司之董事會或公司秘書要求召開股東特別大會，以便處理有關要求所列明之事項。任何就考慮通過特別決議案而召開之股東大會必須先行發出不少於二十一整天之通知方可召開，而其他股東大會則可發出不少於十四整天之通知。任何股東大會之主席須確保股東均已獲悉要求進行投票表決之程序，通知方式包括在向股東寄發之通函中披露及於股東大會上加以重申。股東大會之主席亦須確保遵守上市規則及本公司之公司細則所載有關投票表決之規定。

為經常與股東保持溝通，股東宜出席本公司之股東週年大會，董事會主席及董事會轄下各委員會之主席將於會上解答有關本集團業務之提問。

歡迎股東於合理時間在股東大會上發表意見及提出建議，有關意見及建議亦可以書面形式逕寄本公司在香港之主要營業地點，交由公司秘書處理。董事會定當設法解答股東之寶貴提問。

於二零零五年，本公司之公司細則曾作出修訂，以加入經修訂之上市規則所規定之變更。