

Corporate Governance Report 企業管治報告

The board of directors of the Company (the "Board") presents below the corporate governance report of the Company for the year ended 31 December 2005:

1 CORPORATE GOVERNANCE PRACTICES

The Board considers that sound corporate governance practices are crucial to the smooth, effective and transparent operation of the Group and the ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value. The Group is committed to maintaining high standards corporate governance in its day-to-day operations.

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2005, except for the deviations as mentioned below.

Code Provision A.1.3, stipulates that notice of at least 14 days should be given of a regular board meeting. The board meets on a regular basis but certain meetings are held with shorter than 14 days notice for discussion of urgent matters.

Code Provision A.2.1 stipulates that the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive and Mr. Poon Ka Hung currently holds both positions.

The Board believes that vesting the roles of both Chairman and Chief Executive in the same person provides the Group with strong and consistent leadership and allows for effective planning formulation and implementation of the Company's business strategies which will enable the Group to sustain the development of the Group's business efficiently.

本公司董事會呈報以下截至二零零五年十二月三十一日止年度本公司企業管治報告：

1 企業管治常規

董事會認為，完善的企業管治常規，對本集團平穩、有效及具透明度的營運最為重要，且能吸引投資者、保障股東和業務夥伴的權益，以及增加股東所持股份的價值。本集團致力在日常營運保持高水平的企業管治。

截至二零零五年十二月三十一日止年度，本集團已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》（「守則」）之守則條文，惟下文所述偏離除外。

守則條文第A.1.3條規定，定期董事會會議須至少於舉行前14日通知。董事會定期舉行會議，惟若干會議少於14日通知而舉行，以商討緊急事宜。

守則條文A.2.1條規定，主席及行政總裁之職位應分開，不應由一人同時兼任。本公司之主席及行政總裁職位並無分開，現由潘嘉雄先生一人同時出任。

董事會認為由同一人擔任主席及行政總裁之職位能為本集團提供強勢及貫徹之領導，可有效地策劃、制訂及實施本公司之業務策略，從而使本集團能夠有效地維持其業務之發展。

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1 CORPORATE GOVERNANCE PRACTICES (continued)

Code Provision A.4.1 stipulates that non-executive directors should be appointed for specific terms. However, all the non-executive directors of the Company have not been appointed for specific terms but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-laws of the Company.

In April 2005, the Company's Remuneration Committee with specific written terms of reference was established in accordance with the requirements of the Code. The Remuneration Committee consists of three members including all three independent non-executive directors of the Company. In addition, the terms of reference of the Audit Committee was modified to incorporate certain provisions set out in the Code. The ensure stricter compliance with the Code relevant amendment to the Company's Bye Laws was proposed and approved by shareholders at the Annual General Meeting of the Company held on 30 May 2005 so that every Director shall be subject to retirement by rotation at least once every three years.

2 DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by directors (as defined in the Code) on terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules.

On specific enquiries made, all directors have confirmed that, for the year ended 31st December 2005, they have complied with the required standard set out in the Model Code.

1 企業管治常規(續)

守則條文A.4.1條規定，非執行董事之委任須有指定任期。然而，所有獲委任之本公司非執行董事並無指定任期，惟須根據本公司之公司細則於本公司之股東週年大會上輪值告退及膺選連任。

於二零零五年四月，本公司已根據守則規定成立薪酬委員會，並訂明其職權範圍。薪酬委員會有三名成員，均為獨立非執行董事。此外，審核委員會之職權範圍亦經修訂，藉以納入守則所載之若干條文。為確保嚴格符合守則，本公司之公司細則之有關修訂已提呈於二零零五年五月三十日召開之本公司股東週年大會並獲股東通過，因此，每名董事須至少每三年輪值告退一次。

2 董事之證券交易

本集團就董事進行的證券交易，已採納上市規則附錄10所載《上市發行人董事進行證券交易的標準守則》(「標準守則」)標準的行為守則。

在回覆特定查詢時，所有董事均確認就截至二零零五年十二月三十一日止之年度內有遵從標準守則所訂的標準。

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3 BOARD OF DIRECTORS

(a) Composition of the Board

The Board oversees the management, businesses, strategic directions and financial performance of the Group.

The Board currently comprises a total of 7 directors, including 3 executive directors, 1 non-executive director and 3 independent non-executive directors. The biographies of the directors are set out on pages 10 to 12 of this annual report.

During the year, the executive committee of the Board, comprising the Chairman, the Vice Chairman and 1 Executive Director, met regularly to review and discuss management reports on the performance of the Company, current plans and long term opportunities, and any other issues of immediate concern.

All directors keep abreast of their collective responsibility. The Group continuously updates all directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and to enhance their awareness of good corporate governance practices.

Every director is aware that he/she should give sufficient time and attention to the affairs of the Group. Directors have satisfactory attendance rates at both board meetings and committee meetings, including Audit Committee and Remuneration Committee meetings.

3 董事會

(甲) 董事會組成

董事會職責監察本集團之管理、業務、發展策略及財務表現。

董事會現共有7名董事，包括3名執行董事、1名非執行董事及3名獨立非執行董事。董事之簡介刊載於本年報第10至第12頁。

年內，董事會之執行委員會由主席、副主席及1位執行董事組成。委員會定期會面，就本公司表現、現行計劃和長期發展機會以及需即時關注的事項進行檢討及商議。

所有董事均須瞭解其集體職責。本集團持續提供有關上市規則及其他適用監管規定之最新信息予董事，以加強董事對良好企業管治常規的意識。

每一位董事均知悉須付出足夠時間及精神以處理集團的事務。董事在董事會及各委員會（包括審核委員會及薪酬委員會）會議之出席率均令人滿意。

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3 BOARD OF DIRECTORS (continued)

(b) Board meetings

During the year, the Board held 15 board meetings. Attendance of individual director was as follows:

	Meeting Attended/Held
Executive directors	
– Poon Ka Hung	15/15
– Wu Lai Ping	14/15
– Lin Hoo Fun	2/15
Non-executive directors	
– Cheung Mei Ha, Jennifer	1/15
– Fung Chi Kong, Edward	2/15
– Leung Chun Pong	1/15
Independent non-executive directors	
– Chan Wing Tai, Joseph	1/15
– Tay Chee Hung, Clement	3/15
– Tang Tin Ying	2/15

The Board of Directors is responsible for approving all significant matters. For operational efficiency, the Board of Directors appoints Executive management for each divisions within the Group and mandates the level of Authority delegated to respective employee. At the meetings the directors discuss and formulate overall strategies for the Group, monitor financial performance and discuss the annual and interim results, as well as other significant matters.

3 董事會 (續)

(乙) 董事會會議

年內，董事會已召開十五次董事會會議，個別董事的出席率如下：

	出席／ 舉行會議次數
執行董事	
– 潘嘉雄	15/15
– 胡禮平	14/15
– 連浩芬	2/15
非執行董事	
– 張美霞	1/15
– 馮志光	2/15
– 梁振邦	1/15
獨立非執行董事	
– 陳榮泰	1/15
– 鄭志雄	3/15
– 鄧天應	2/15

於會議中，董事們商討並釐訂本集團之整體策略，監察財政表現及商討年度及中期業績及其他重大事項。董事會負責批准所有重大事宜。為提高營運效率，董事會負責委任集團內各部門之行政管理人員及指定各員工之權責範圍。

3 BOARD OF DIRECTORS (continued)

(b) Board meetings (continued)

An agenda and accompanying board papers are sent in full to all directors in a timely manner and at least 4 days before the intended date of a full board meeting. They also have unrestricted access to the advice and service of the Company Secretary, who assists the Chairman in preparing the agenda for meetings, is responsible for providing directors with board papers and related materials and ensures that board procedures are followed.

The Audit Committee and Remuneration Committee also follow the applicable practices and procedures used in board meetings for committee meetings.

The Company keeps detailed minutes of each meeting, which are available to all directors. A draft of the minutes is circulated to all directors for comment and approval as soon as practicable after the meeting.

3 董事會 (續)

(乙) 董事會會議 (續)

所有董事於擬舉行會議之日期不少於4天前獲提供董事會會議議程及相關文件。所有董事亦可不受任何限制地取得公司秘書的意見和享用其提供的服務。公司秘書協助主席為董事會會議準備議程，並確保董事會程序及所有適用規則及規例均獲得遵守。

審核委員會及薪酬委員會之會議均採納董事會會議沿用之常規及程序。

公司就每個會議作出詳細的會議紀錄，所有董事均可索取。董事會會議結束後，會議記錄初稿將於合理時間內發送予全體董事以供表達意見及批核。

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4 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Poon Ka Hung was both the Chairman and Chief Executive of the Company during the year.

The Board believes that vesting the roles of both Chairman and Chief Executive in the same person provides the Group with strong and consistent leadership and allows for effective planning, formulation and implementation of the Company's business strategies which will enable the Group to sustain the development of the Group's business efficiently.

5 TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

All the non-executive directors of the Company have not been appointed for specific terms but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-laws of the Company.

The annual directors' fees and remunerations payable to the non-executive directors are as follows:

Leung Chun Pong – HK\$0
Chan Wing Tai, Joseph – HK\$360,000
Tay Chee Hung, Clement – HK\$120,000
Tang Tin Ying – HK\$120,000

4 主席及行政總裁

年內，潘嘉雄先生同時兼任本公司主席兼行政總裁。

董事會認為，由同一名人士兼任主席兼行政總裁職務令本集團領導層更具實力和協調，並能有效規劃、制定並推行本公司之業務策略，並將讓本集團得以維持本集團業務效益之增長。

5 非執行董事之任期

本公司全體非執行董事並無指定任期，惟須根據本公司之公司章程於本公司股東特別大會上輪席告退並重選連任。

董事之年度袍金及應付非執行董事酬金如下：

梁振邦 – 0港元
陳榮泰 – 360,000港元
鄭志雄 – 120,000港元
鄧天應 – 120,000港元

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6 REMUNERATION OF DIRECTORS

The remuneration for the executive directors comprises directors' fees, basic salaries and discretionary bonuses. Quarter accommodations are provided to certain directors. Details of the amount of emoluments of directors paid for the year ended 31 December 2005 are set out in note 8 to the financial statements in this annual report.

The Remuneration Committee of the Company has been established with specific terms of reference in accordance with the requirement of the Code. Its terms of reference are made available on the website of the Company. During the year, it had 4 members, comprising 1 non-executive director (Mr. Fung Chi Kong, Edward) and 3 independent non-executive directors (Messrs. Chan Wing Tai, Joseph, Tay Chee Hung, Clement and Tang Tin Ying). This committee is chaired by Mr. Chan Wing Tai, Joseph.

The Remuneration Committee is responsible for formulating and recommending remuneration policy to the board and determining the remuneration of executive directors and members of senior management, as well as reviewing and making recommendations on the Group's share option scheme, bonus structure, provident fund and other compensation-related issues. The committee shall consult with the Chairman on its proposals and recommendations, and has access to professional advice if deemed necessary.

During the year, the Remuneration Committee had held 1 meeting. Attendance of individual member was as follows:

Committee member	Meeting Attended/Held
– Chan Wing Tai, Joseph	1/1
– Tay Chee Hung, Clement	1/1
– Tang Tin Ying	1/1
– Fung Chi Kong, Edward	1/1

6 董事薪酬

執行董事薪酬包括董事袍金、基本薪金及酌情花紅。若干董事獲提供居所。截至二零零五年十二月三十一日止年度所支付之董事酬金款額詳情載於本年報之財務報表附註8。

本公司的薪酬委員會已成立，並根據守則訂明其書面職權範圍。此職權範圍載於本公司網頁內。於本年內，有4名成員，由1名非執行董事（馮志光先生）及3名獨立非執行董事（陳榮泰先生、鄭志雄先生及鄧天應先生）組成。此委員會由陳榮泰先生出任主席。

薪酬委員會負責制訂薪酬政策及向董事會提出建議，釐訂執行董事及集團高級管理人員之薪酬，以及檢討及建議本集團之購股權計劃、分紅機制、公積金與其他關於薪酬之事宜。薪酬委員會將就其建議諮詢董事會主席，以及在有需要時可索取專業意見。

年內，薪酬委員會召開一次會議。個別董事的出席率如下：

委員會成員	出席／舉行會議次數
– 陳榮泰	1/1
– 鄭志雄	1/1
– 鄧天應	1/1
– 馮志光	1/1

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7 NOMINATION OF DIRECTORS

The Bye-laws of the Company were amended in May, 2005 to provide that each directors is required to retire by rotation once every three years and that one-third (or the number nearest to one-third but not less than one-third) of the directors shall retire from office at each annual general meeting of the Company. Retiring Directors shall be eligible for re-election at the annual general meeting of the Company.

No director was appointed in the year ended 31 December 2005. Appointments of directors are first considered by the executive directors, who will make recommendations to the Board for decision. All new directors are subject to election by shareholders of the Company at the next annual general meeting after their appointment becomes effective.

8 AUDITORS' REMUNERATION

During 2005, fees paid to Ernst & Young for audit, transaction advisory services and taxation services were HK\$1,898,000, HK\$750,000 and HK\$341,000 respectively. In the year ended 31 December 2005, fees payable to Ernst & Young for the above corresponding services were HK\$3,350,000, HK\$0 and HK\$0 respectively.

9 AUDIT COMMITTEE

The Audit Committee has been established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference are in accordance with the requirement of the Code and are available on the website of the Company.

The Audit Committee is responsible for the following:

- making recommendations on the appointment, reappointment and removal of external auditors and considering the terms of such appointments;

7 董事之提名

本公司於二零零五年五月修訂公司細則，規定各董事須每三年輪流告退及三分之一董事（或最接近三分之一但不少於三分之一之數目）須於本公司股東週年大會上告退。輪席告退董事符合資格於本公司股東週年大會上重選連任。

於截至二零零五年十二月三十一日止年度概無董事獲委任。委任董事首先由執行董事考慮，然後向董事會作出建議。所有新委任董事須於彼等獲委任後之本公司股東週年大會上經股東選舉。

8 核數師酬金

於二零零五年，就核數、交易諮詢服務及稅項服務支付於安永會計師事務所之費用分別為1,898,000港元、750,000港元及341,000港元。於截至二零零五年十二月三十一日止年度，就上述相應服務核數支付於安永會計師事務所之費用分別為3,350,000港元、零港元及零港元。

9 審核委員會

審核委員會已成立並以書面訂明具體職權範圍。此書面職權範圍乃根據守則訂定並載於本公司網頁內。

審核委員會職責如下：

- 就外聘核數師的委任、重新委任及罷免提供建議、考慮外聘核數師的聘用條款；

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9 AUDIT COMMITTEE (continued)

- developing and implementing policies on the engagement of external auditors for nonaudit services;
- monitoring the integrity of the financial statements, annual and interim reports and the auditors' report to ensure that the information presents a true and balanced assessment of the Group's financial position;
- ensuring that management has fulfilled its duty to maintain an effective internal control system.

During the year, the Audit Committee had reviewed the Group's interim and annual results, internal control system and the auditors' report.

The members and chairman of this committee were the same as those of the Remuneration Committee during the year.

During the year, the Audit Committee had held 3 meetings. Attendance of individual member was as follows:

Committee member	Meetings Attended/Held	委員會成員	出席／ 舉行會議次數
– Chan Wing Tai, Joseph	3/3	– 陳榮泰	3/3
– Tay Chee Hung, Clement	3/3	– 鄭志雄	3/3
– Tang Tin Ying	3/3	– 鄧天應	3/3
– Fung Chi Kong, Edward	3/3	– 馮志光	3/3

On behalf of the Board

Poon Ka Hung
Chairman

Hong Kong, 26 April 2006

9 審核委員會(續)

- 就外聘核數師提供非審核服務制訂政策，並予以執行；
- 監察財務報表、年報、中期報告及核數師報告書的完整性，以確保該等資料真實及平衡地評核本集團的財務狀況；
- 確保管理層已履行其職責，建立有效的內部監控系統。

於本年內，審核委員會已審核本集團之中期及年度業績、內部控制系統及核數師報告。

於本年內，本委員會之成員及主席與薪酬委員會之成員及主席相同。

年內，審核委員會召開兩次會議。個別董事的出席率如下：

承董事會命

主席
潘嘉雄

香港，二零零六年四月二十六日