

The Company recognises that good corporate governance standards maintained throughout the Group serve an effective risk management for the Company. The Board of Directors (the "Board") of the Company is firmly committed to ensuring a high level of corporate governance standards. Such commitment emphasizes transparency, accountability and independence, responsibility and fairness.

(1) CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practices as promulgated by the Stock Exchange became effective on 1 January 2005, which provides the code provisions (the "CG Code") and recommended best practices for systems satisfying the requirements of the CG Code. The Company has complied with the CG Code as set out in Appendix 14 of the Listing Rules, except that the non-executive directors of the Company are not appointed for specific terms as required by A.4.1 the CG Code.

At the extraordinary general meeting held on 17 March 2006, a special resolution was passed to amend the Articles of Association of the Company to the effect that each and every director of the Company shall retire by rotation at least once every three years. The directors of the Company consider that the amendment addressed the requirement of the CG Code in respect of the service term of the non-executive directors.

The Company will continuously enhance the corporate governance standards throughout the Group and ensure further standards be put in place by reference to the recommended best practices whenever suitable and appropriate.

本公司確認，本集團上下奉行之良好企業管治標準，能有效地管理本公司之風險。本公司董事會（「董事會」）堅持確保維持高度企業管治標準。並承諾著重於透明度、問責性及獨立性、負責及公平作出最大努力。

(1) 企業管治常規守則

聯交所頒佈企業管治常規守則（「守則」），於二零零五年一月一日起生效。守則訂明守則條文及就符合守則規定之制度建議企業管治最佳常規。本公司已遵守上市規則附錄十四所載守則之所有規定，惟非執行董事之委任並無固定任期偏離了守則條文第A.4.1條之規定。

本公司已於二零零六年三月十七日舉行之股東特別大會上通過特別決議案修訂本公司章程細則，以使本公司每一位董事均須最少每三年輪值告退一次。本公司董事認為修訂彌補守則有關非執行董事任期之規定。

本公司將繼續提升本集團整體之企業管治標準，確保於合適及適當之時參考建議最佳常規採用進一步之標準。

(2) CORPORATE MANAGEMENT

i. Board of Directors

Composition

As of the date of this report, the Board comprised 7 members including 1 executive director, 3 non-executive directors and 3 independent non-executive directors whose biographical details are set out on pages 9 of this Annual Report.

The Board membership is covered by professionally qualified and widely experienced personnel so as to bring in valuable contribution and different professional advises and consultancy for the development of the Company. More than one-half of the Board members have recognised professional securities, banking, accounting and financial management qualifications.

The executive director, supported by the Chief Executive Officer, is responsible for managing the Group's business, including the business development, corporate strategies and company policies.

The independent non-executive directors with diversified industry expertise serve the important function of advising the management on strategy development and ensure that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole. During the year ended 31 December 2005, the number of independent non-executive directors at all times exceeded one third of the Board membership.

Pursuant to the requirement in the Listing Rules, the Company has received a written confirmation from each independent non-executive director of his independence to the Company. The Company considers all of the independent non-executive directors to be independent.

(2) 企業管理

i. 董事會

成員

於本報告日期，董事會由七名成員組成，包括一名執行董事、三名非執行董事及三名獨立非執行董事，彼等之簡歷載於本年報第9頁。

董事會成員具有專業資格，且經驗豐富，為本公司之發展帶來寶貴貢獻及不同專業意見及顧問建議。過半數董事會成員具有證券、銀行業、會計及金融管理方面的認可專業資格。

在行政總裁的支援下，執行董事負責管理本集團之業務，包括業務發展、企業策略及公司政策。

獨立非執行董事有不同行業的專長，就策略發展事宜向管理層提供意見方面扮演重要角色，並確保董事會維持高標準之財政及其他強制性申報標準，並作出充份的檢查及平衡，以保障股東及本公司之整體利益。截至二零零五年十二月三十一日止年度，獨立非執行董事之數目均超過董事會成員人數之三分之一。

根據上市規則之規定，本公司已接獲各獨立非執行董事發出之書面確認書，確認其為獨立於本公司。本公司認為所有獨立非執行董事均為獨立人士。

Nomination of Directors

The Board as a whole is responsible for the procedure of agreeing to the appointment of its own members and for nominating them for election by the shareholders on the first appointment and thereafter at regular intervals by rotation.

Board Process

The Board meets regularly throughout the year to discuss the overall strategy as well as the operation and financial performance of the Group. In 2005, the Board held 20 meetings and individual attendance records are set out on page 33 of this Annual Report.

Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed, would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution subject to certain exceptions set out in the Articles of the Association of the Company.

The Company Secretary keeps the minutes of the Board meeting for inspection by directors.

All directors have access to the services of the Company Secretary who regularly updates the Board governance and regulatory matters. Any director, Audit Committee and Remuneration Committee of the Company may take independent professional advice if they so wish at the expense of the Company, as arranged by the Company Secretary.

提名董事

董事會全體須負責及同意委任其本身成員，提名董事會成員於首次獲委任時及於期後定期輪值由股東選出。

董事會過程

董事會全年定期開會討論整體策略以及本集團之經營及財務表現。於二零零五年，董事會共召開二十次會議，個別出席紀錄載於本年報第33頁。

被認為於擬進行交易或將予論討事宜中有利益衝突或重大權益的董事，將不會計入會議法定人數，並將於相關決議案中放棄投票，惟本公司組織章程細則所載之若干例外情況除外。

公司秘書保存董事會會議之記錄以供董事查閱。

公司秘書定期更新董事會之管治、合規事宜並提供予所有董事之有關服務。任何本公司董事、審核委員會及薪酬委員會可於其有意時經公司秘書安排獲取獨立專業意見，費用有本公司承擔。

Directors' Attendance

The Board held 20 meetings in 2005 and attendance of each Board member at these meetings is as follows:

	Note	Attendance
	附註	出席率
Independent Non-executive Directors 獨立非執行董事		
Mr. Lau Siu Ki, Kevin		19/20
Mr. Cheong Ying Chew, Henry		14/20
Mr. Alistair Macleod		16/20
Non-executive Directors 非執行董事		
Mr. Arne Karlsson	(i)	10/13
Mr. Paul Gerard Davies		6/20
Mr. Cosimo Borrelli		0
Executive Director 執行董事		
Mr. Kelvin Edward Flynn		17/20

Note: (i) Appointed as a Non-executive Director on 1 June 2005.

董事出席率

董事會於二零零五年共召開二十次會議，各董事會成員於該等會議之出席率如下：

附註：(i) 於二零零五年六月一日獲任命為非執行董事。

Directors' Duties

The Board is charged with leadership and supervision of the Group's affairs and is collectively responsible for promoting the success of the Group. Each director has a duty to act in good faith in the best interests of the Company.

Matters that require decisions by the Board normally include overall group strategies, major acquisitions and disposals, annual budgets, annual and interim results, recommendation on directors' appointment or re-appointment and other significant operational and financial matters.

All directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations.

董事之職責

董事會之職責是領導及監督本集團事務，並須共同負責為本集團之成功作出努力。各董事有責任盡心為本公司之最佳利益行事。

須董事會作出決定的事宜一般包括集團整體策略、主要收購事項及出售事項、每年預算、年度及中期業績，就任命或重新任命董事提出建議以及其他重大營運及財務事宜。

全體董事均會適時得悉可能影響本集團業務的重大影響，包括相關規則及規定。

The Board acknowledges its responsibility to prepare the financial statements and have them audited. The Company has adopted the generally accepted accounting standards in Hong Kong in preparing financial statements. Reasonable and prudent judgment and estimates have been made. The Group announces its financial results in a timely manner.

During the year ended 31 December 2005, the Board reviewed the financial projections of the Group and the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

Directors and Company's officers are fully indemnified against all costs, charges, losses, expenses and liabilities that may be incurred by them in the execution and discharge of their duties or in relation thereto. A Director's and Officers' Liability Insurance policy has been arranged for providing the indemnity to the extent that the laws allow.

Conduct on Share Dealings

The Company has adopted a code of conduct for securities transactions and dealings (the "**Code of Conduct**") based on the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "**Model Code**"). The terms of Code of Conduct are no less exacting than the standards in the Model Code, and the Code of Conduct applies to all the relevant persons as defined therein. Specific enquiry has been made of all Directors of the Company who have confirmed in writing their compliance with the required standards set out in the Code of Conduct during the year under review.

董事會確認其有責任編製財務報表及使其獲得審核。本公司於編製財務報表過程中已採納香港公認會計準則，並已作出合理審慎判斷及估計。本集團按時公佈財務業績。

於截至二零零五年十二月三十一日止年度，董事會已審閱本集團之財務估算，而董事會並不知悉與可能對本集團之持續經營能力構成重大疑問之事件或狀況有關之任何重大不確定因素。因此，董事會於編製財務報表時繼續採納持續經營基準。

董事及本公司高級人員可獲全面保障因執行及履行職務所產生或與其有關之一切成本、費用、損失、開支及負債。本公司已在符合法律之情況下就董事及高級人員之負債保險政策作出安排。

進行股份買賣操守

本公司已根據上市規則附錄十所載之上市發行人董事進行證券交易之標準守則（「**標準守則**」）採納證券交易及買賣之操守守則（「**操守守則**」）。操守守則之條款不遜於標準守則之規定標準，而操守守則適用於其中所定義之相關人士。經向本公司所有董事作出特定查詢後，彼等已書面確認於回顧年度內已遵守操守守則所載之規定標準。

ii. Chief Executive Officer

Mr. Liu Chen Wei, Jerry was appointed as the Chief Executive Officer of the Group on 27 June 2005. Although Mr. Liu is not a member of the Board, he is invited to attend Board meetings to make presentations or answer the Board's enquiries from time to time. The Chief Executive Officer is responsible for running the day-to-day business and assisting the Board in formulating corporate strategies, procedures and policies.

iii. Board Committees

In 2005, the Board established an Audit Committee and a Remuneration Committee with defined terms of reference. Both committees are chaired by independent non-executive directors.

(a) Audit Committee

The Company has established an Audit Committee for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises the three independent non-executive directors of the Company.

The Audit Committee met twice in 2005. Individual attendance of each Committee member is as follows:

Independent Non-executive Directors
獨立非執行董事

Mr. Lau Siu Ki, Kevin	劉紹基先生	
Mr. Cheong Ying Chew, Henry	張英潮先生	
Mr. Alistair Macleod	Alistair Macleod先生	

The Audit Committee has reviewed with senior management and the Company's auditors the audit findings, the accounting principles and practices adopted by the Group, listing rules and statutory compliance, and to discuss auditing, internal control, risk management and financial reporting matters (including the interim and annual financial statements for each financial year before recommending them to the Board for approval).

ii. 行政總裁

劉振偉先生於二零零五年六月二十七日獲任命為本集團行政總裁。儘管劉先生並非董事會成員，彼亦不時獲邀出席董事會會議作出簡報或回答提問。行政總裁負責處理日常事務及協助董事會制定企業策略、程序及政策。

iii. 董事委員會

於二零零五年，董事會成立具有書面職權範圍之審核委員會及薪酬委員會。兩個委員會均由獨立非執行董事擔任主席。

(a) 審核委員會

本公司已就審閱及監督本集團之財務申報過程及內部監控成立審核委員會。審核委員會由本公司之三名獨立非執行董事組成。

審核委員會於二零零五年召開兩次會議。各委員會成員之個別出席率如下：

Attendance
出席率

審核委員會已連同高級管理層審閱本公司審數師之審核結果、本集團所採納之會計原則及慣例、上市規則及法定事宜之遵守情況，並於討論審核、內部監控、風險管理及財務申報事宜（包括於呈交董事會批核前已審閱各財政年度之中期及全年財務報表。）

(b) Remuneration Committee

In August 2005, the Company established a Remuneration Committee which is responsible to review and determine the remuneration policy and packages of the directors and management executives. The Remuneration Committee comprises the three independent non-executive directors and the Chief Executive Officer. The terms of reference of the Remuneration Committee follow the CG Code.

The Chief Executive Officer of the Group is responsible for reviewing all relevant remuneration data and market conditions as well as performance of individuals and the profitability of the Group, and proposing to the Remuneration Committee for consideration and approval, remuneration packages for executive directors and management executives. No Director is involved in deciding his own remuneration.

The Remuneration Committee is scheduled to meet at least once a year and also meets as and when required to consider remuneration related matters. The first meeting of the Remuneration Committee was held on 22 March 2006.

iv. External Auditors

Messrs. Moores Rowland Mazars were re-appointed by the shareholders as external auditors of the Company at the annual general meeting 2005. During the year under review, the fees paid to MRM for non-audit related activities amounted to HK\$49,000 (2004: nil) comprising taxation services fees of HK\$47,000 (2004: nil) and other services of HK\$2,000 (2004: nil).

(b) 薪酬委員會

於二零零五年八月，本公司成立薪酬委員會，負責審閱及釐定董事及管理級行政人員之薪酬政策及計劃。薪酬委員會由三位獨立非執行董事及行政總裁組成。薪酬委員會之書面職權範圍按照企業管治守則而定。

本集團行政總裁負責審閱所有相關薪酬數據、市場狀況、個別人士之表現及本集團之獲利能力，並向薪酬委員會提出有關執行董事及管理級行政人員之建議以供考慮及批准。概無董事參與釐定其本身之薪酬。

薪酬委員會預定每年最少開會一次，亦會於有需要時開會考慮與薪酬有關之事宜。薪酬委員會於二零零六年三月二十二日召開首次會議。

iv. 外聘核數師

摩斯倫·馬賽會計師事務所於二零零五年股東週年大會上獲股東重新委聘為本公司之外聘核數師。於回顧年度，支付予摩斯倫馬賽之非核數活動費用為49,000港元（二零零四年：無），包括稅務服務費47,000港元（二零零四年：無）及其他服務費2,000港元（二零零四年：無）。

(3) INTERNAL CONTROL

The Board recognizes its overall responsibility for the establishment, maintenance and review of a system of internal control that provides reasonable assurance of the reliability and integrity of financial and operational information, effective and efficient operations, safeguarding the assets and compliance with laws and regulations. The system of internal control is designed to manage rather than eliminate all risks of failure while its goal is to provide reasonable, not absolute, assurance regarding the achievement of organizational objectives.

(4) INVESTOR RELATIONS AND COMMUNICATIONS

The Company continues to pursue a proactive policy of promoting investor relations and communication by maintaining regular meetings with institutional shareholders, fund managers and analysts through different means including meetings, presentations and correspondence to distribute information on the Group's latest developments and strategies. In an effort to enhance communications with shareholders and investors, the Company maintains a website (www.forefront.com.hk) to disseminate information relating to the latest business developments and all Company announcements.

The Company regards the Annual General Meeting (the "AGM") as an important event as it provides an opportunity for direct communication between the Board and its shareholders. All shareholders of the Company are given a minimum 21 days' notice of the date and venue of the AGM at which directors and Committee members are available to answer questions on the business. The Company supports the CG Code's principle to encourage shareholders' participation. The Board conducts the vote at the AGM by poll rather than by show of hands. The results of the Company voting are declared at the meeting, announced to the Hong Kong Stock Exchange and published on the Company website.

(3) 內部監控

董事會確認其有整體責任成立、維持及審閱內部監控系統，為財務及營運資料的可靠性及真實性、快捷有效的營運、保障資產及符合法律及法規提供合理保證。內部監控系統乃為管理而非消除所有失敗之風險而設，目標是就達成組織目標提供合理而非絕對之保證。

(4) 投資者關係及溝通

本公司繼續採取主動促進投資者關係及溝通的政策，定期與機構投資者、基金經理及分析師接觸，形式包括會議、簡報及以書信發送有關本集團最新狀況及策略的資料。為了促進與股東及投資者的溝通，本公司已設立一個網頁 (www.forefront.com.hk) 方便發放有關最新業務發展的資料及本公司之所有公佈。

本公司將股東週年大會（「**股東週年大會**」）視為重要事件，因其提供機會讓董事會與其股東直接溝通。本公司全體股東最少於股東週年大會舉行前21日獲通知大會舉行日期及地點，董事及委員會成員可於會上回答有關業務的提問。本公司支持企業管治守則之原則，鼓勵股東參與。董事會於股東週年大會上主持投票，投票以表決而非舉手方式進行。本公司之投票結果於會上宣佈，於香港聯交所公佈並於本公司網頁刊載。