



Corporate Governance Report 企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Directors believe that good corporate governance is an essential element in enhancing the confidence of shareholders, investors, employees, business partners and the community as a whole and also the performance of the Group.

In the opinion of the Directors, the Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out 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 under review, except for the deviations as disclosed in this report. The board of Directors of the Company (the "Board") will review the corporate governance structure and practices from time to time and shall make necessary arrangements to ensure business activities and decision making processes are made in a proper and prudent manner.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year.

企業管治常規

董事相信，優秀的企業管治是對加強股東、投資者、員工、業務夥伴及公眾人士對公司的信心及提升集團表現的重要元素。

除本報告所述有關偏離外，董事認為，本公司於年度內一直遵守香港聯合交易所有限公司（「聯交所」）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」）所有適用守則條文。本公司董事局（「董事局」）將不時審閱企業管治架構及措施，確保業務及決策過程適當及審慎地進行。

董事的證券交易

本公司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」）為本公司之董事證券交易行為守則。在向所有董事作出特定查詢後，所有董事均確認彼等已遵守標準守則所載之規定標準。



Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS

The Directors of the Company during the year ended 31 December 2005 were:

Executive Directors

Mr. Chan Shing (*Chairman*)
 Mr. Sit Hoi Tung
 Mr. Yang Da Wei
 Ms. Lau Ting
 Ms. Tung Pui Shan, Virginia
 Mr. Kwok Wai Lam
 Mr. Yin Mark
 Mr. Sun Ho (resigned on
 1 August 2005)
 Mr. Yu Wing Keung, Dicky (resigned on
 11 April 2005)

Independent Non-Executive Directors

Mr. Cui Shu Ming
 Mr. Song Yufang
 Mr. Huang Shenglan

Non-Executive Directors

Mr. Sze Tsai Ping, Michael

As at the date of this report, the Board comprised eleven Directors, seven of whom are Executive Directors (including the Chairman), three of whom are Independent Non-Executive Directors and one of whom is Non-Executive Director. Details of backgrounds and qualifications of each Director are set out on the section headed "Biographies of Directors" of this annual report. The Company has arranged appropriate insurance cover in respect of legal actions against the Directors.

The Board is responsible for the overall strategic development of the Group. It also monitors the financial performance and the internal controls of the Group's business operations. Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The day-to-day running of the Company is delegated to the management with department heads responsible for different aspects of the business/functions.

董事局

於截至二零零五年十二月三十一日止年度內，本公司董事包括：

執行董事

陳城先生 (主席)
 薛海東先生
 楊大偉先生
 劉婷女士
 董佩珊女士
 郭偉霖先生
 尹虹先生
 孫豪先生 (於二零零五年
 八月一日辭任)
 余永強先生 (於二零零五年
 四月十一日辭任)

獨立非執行董事

崔書明先生
 宋玉芳先生
 黃勝藍先生

非執行董事

史習平先生

於本報告日期，董事局由十一名董事組成，七名為執行董事（包括主席）、三名為獨立非執行董事及一名為非執行董事。有關各董事之背景及資歷於本年報標題為「董事簡歷」一段中載述。本公司已就向董事提出法律訴訟安排適當保險。

董事局負責本集團的整體發展策略，同時並監察集團財務表現及業務營運之內部監控。執行董事負責集團之運作及執行董事局採納之政策。本公司日常營運則授權管理層管理，各部門主管負責不同範疇之業務／職能。



Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS (continued)

Non-Executive Directors (including the Independent Non-Executive Directors) serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meetings.

The Board considers that each Independent Non-Executive Director of the Company is independent in character and judgement. The Company has received from each Independent Non-executive Director a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules.

The Board meets at least twice each year at approximately half a year interval to discuss the Group's business development, operation and financial performance. Notice of at least 14 days is given to all Directors for all regular board meetings to give all Directors an opportunity to attend. All regular board meetings adhere to a formal agenda in which a schedule of matters is addressed to the Board. All Directors have access to board papers and related materials, and are provided with adequate information which enable the Board to make an informed decision on the matters to be discussed and considered at the board meetings. Minutes of board meetings are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

To the best knowledge of the Directors, there is no financial, business and family relationship among the members of the Board except that Ms. Lau Ting is the spouse of Mr. Chan Shing.

董事局 (續)

非執行董事 (包括獨立非執行董事) 擔當相關職能, 透過參與董事局會議為董事局在集團發展、表現及風險管理方面給予獨立意見。

董事局認為各獨立非執行董事之行動及判斷均屬獨立。本公司已接獲各獨立非執行董事之確認書, 確認彼等符合上市規則第3.13條所載有關獨立性之規定。

董事局每年最少舉行兩次會議, 約每半年舉行一次, 討論本集團的發展、營運表現及財務狀況。就董事局所有定期會議, 全體董事均會獲發最少十四天通知, 以讓所有董事皆有機會騰空出席。所有定期董事局會議均設有正式議程, 具體列出待議事項。所有董事均有權查閱董事局文件及有關素材, 並會及時獲提供充分資料, 使董事局可就提呈會議的事項作出知情決定。董事局會議記錄由公司秘書備存, 任何董事可在發出合理通知下於任何合理時段查閱董事局會議記錄。

據董事所知悉, 除劉婷女士為陳城先生之配偶外, 董事局各成員之間並無財務、業務及親屬關係。



Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS (continued)

During the year under review, two full board meetings were held. Details of the attendance of the Directors are as follows:-

董事局 (續)

於年度內，已舉行兩次全體董事局會議。董事之出席記錄詳情如下：

Directors' Attendance
董事出席次數

Executive Directors
執行董事

Mr. Chan Shing (Chairman) 陳城先生 (主席)	2/2
Mr. Sit Hoi Tung 薛海東先生	2/2
Mr. Yang Da Wei 楊大偉先生	1/2
Ms. Lau Ting 劉婷女士	2/2
Ms. Tung Pui Shan, Virginia 董佩珊女士	2/2
Mr. Kwok Wai Lam 郭偉霖先生	2/2
Mr. Yin Mark 尹虹先生	2/2
Mr. Sun Ho 孫豪先生	1/1

Independent Non-Executive Directors
獨立非執行董事

Mr. Cui Shu Ming 崔書明先生	2/2
Mr. Song Yufang 宋玉芳先生	0/2
Mr. Huang Shenglan 黃勝藍先生	1/2

Non-Executive Directors
非執行董事

Mr. Sze Tsai Ping, Michael 史習平先生	2/2
-------------------------------------	-----



Corporate Governance Report 企業管治報告

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman and chief executive officer were not performed by separate individuals as is stipulated in Code provision A2.1. The Chairman and Managing Director of the Company, Mr. Chan Shing, currently assumes the role of the chairman and also the chief executive officer responsible for overseeing the function of the Board and formulating overall strategies of and organising the implementation structure for the Company and also managing the Group's overall business operations. Given the nature of the Group's businesses which require considerable market expertise, the Board believed that the vesting of the two roles provides the Group with stable and consistent leadership and allows for more effective planning and implementation of long term business strategies. The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors of the Company are not appointed for a specific term as is stipulated in Code provision A4.1, but are subject to retirement by rotation in accordance with the Bye-laws of the Company (the "Bye-laws"). The Directors have not been required by the Bye-laws to retire by rotation at least once every three years. However, in accordance with Bye-law 85 of the Bye-laws, at each annual general meeting of the Company one-third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to but not greater than one-third, shall retire from office by rotation save any Director holding office as Chairman or Managing Director. The Board will ensure the retirement of each Director, other than the one who holds the office as Chairman or Managing Director, by rotation at least once every three years in order to comply with Code provisions. The Chairman will not be subject to retirement by rotation as is stipulated in Code provision A4.2, as the Board considered that the continuity of office of the Chairman provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group. Ms. Lau Ting, Ms. Tung Pui Shan, Virginia and Mr. Song Yufang are subject to retirement by rotation at the forthcoming annual general meeting in accordance with the Company's Bye-laws.

主席及行政總裁

本公司並未按守則條文第A2.1條所定，主席及行政總裁之職務由不同人擔任。本公司主席兼董事總經理陳城先生，現兼任主席及行政總裁之職務負責監管董事局事務，並為本公司制定整體發展策略及組織架構實施，及管理本集團整體業務營運。鑑於本集團之業務性質要求相當的市場專門認知，董事局認為陳先生同時兼任兩職可為本集團提供更穩健及一貫的領導，利於集團更有效率地策劃及推行長遠商業策略。董事局將不時檢討此架構之成效，以確保董事局及管理層間之權力及權責之平衡。

非執行董事

本公司非執行董事的委任並未按守則條文第A4.1條所定指定任期，惟彼等需按本公司之章程細則（「章程細則」）規定輪值告退。本公司之章程細則並無規定董事最少每三年輪值告退一次。然而，根據章程細則第85條，於每屆股東週年大會上，按當時在任董事人數計三分之一董事（或倘數目並非三之倍數，則為最接近但不超過三分之一之數目）必須輪值告退，惟主席或董事總經理者則無須輪值告退。董事局將會確保每位董事（惟擔任主席或董事總經理職務者除外）至少每三年輪值告退一次，以符合守則條文之規定。主席並未按守則條文第A4.2條所定輪值告退，因董事局認為主席任期之連續性可予集團強而穩定的領導方向，乃對集團業務之順暢經營運作極為重要。根據本公司之章程細則，劉婷女士、董佩珊女士及宋玉芳先生須於即將舉行之股東週年大會輪值告退。



Corporate Governance Report 企業管治報告

REMUNERATION OF DIRECTORS

During the year under review, the Company has not established a remuneration committee with specific written terms of reference which deals clearly with its authority and duties as set out in Code provision B.1.1. Nevertheless, a committee comprising the Chairman, two Executive Directors and the Head of Personnel Department (the "Committee") has been responsible for determining and reviewing the Group's overall remuneration policy and structure for the remuneration of the Directors, but no Director will be involved in deciding his own remuneration. The Board considers to establish a remuneration committee as soon as practicable in order to comply with Code provision B.1.1.

In determining the emolument payable to Directors, the Committee takes into consideration factors such as time commitment and responsibilities of the Directors, performance and contribution of the Directors to the Group, the performance and profitability of the Group, the remuneration benchmark in the industry, the prevailing market/employment conditions and the desirability of performance-based remuneration.

The Committee meets at least once a year to determine the policy for the remuneration of Directors and consider and review the terms of service contract of the Directors. During the year under review, one Committee meeting was held. Details of the attendance of the Directors in the Committee meeting are as follows:

Mr. Chan Shing (*Chairman*)
陳城先生 (主席)
Ms. Lau Ting (*Executive Director*)
劉婷女士 (執行董事)
Mr. Kwok Wai Lam (*Executive Director*)
郭偉霖先生 (執行董事)

董事薪酬

於年度內，本公司尚未按守則條文第B.1.1條所載規定，成立以書面明確界定職權及職責等範圍的薪酬委員會。儘管如此，本公司一直透過由主席、兩位執行董事及人事部主管組成之委員會（「委員會」）負責決定及審閱本集團之整體薪酬策略及董事薪酬架構，惟概無董事參與決定其個人薪酬。董事局考慮盡快成立薪酬委員會，以符合守則條文第B.1.1條之規定。

在釐定董事薪酬時，委員會會考慮多項因素，例如董事付出的時間及其職務、董事之表現及對集團之貢獻、集團之業績表現及盈利能力，以及業界薪酬基準、當時市場狀況／招聘情況及按表現發放酬金之可行性等因素而釐定。

委員會每年最少舉行會議一次以釐定董事薪酬政策及考慮和審閱董事服務合約之條款。於年度內，委員會舉行一次會議，董事於委員會會議之出席記錄詳情如下：

Directors' Attendance 董事出席次數

1/1
1/1
1/1



Corporate Governance Report 企業管治報告

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of a candidate to act as a director, and approving and terminating the appointment of a director. During the year under review, the Company has not established a nomination committee with specific written terms of reference which deal clearly with its authority and duties. The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his qualifications, experience and background.

During the year under review, no meeting was held by the Board for nomination of new director.

AUDITORS' REMUNERATION

For the year ended 31 December 2005, the Group had engaged the Group's external auditors, PricewaterhouseCoopers, to provide the following services and their respective fees charged are set out as below:

Types of Services

Audit for the Group
Non-audit services – taxation services

服務類別

集團審計
非審計服務－稅務服務

Fee Charged for the year ended 31 December 收取費用 截至十二月三十一日止年度

2005	2004
HK\$	HK\$
港元	港元

1,230,000	1,080,000
113,430	135,400

董事提名

董事局負責考慮出任董事合適人選以及批准及終止董事委任事宜。於年度內，本公司並未成立以書面明確界定職權及職責等職權範圍的提名委員會。主席主要負責於董事局有空缺或認為需要增聘董事時，物色合適人選加入董事局。主席將向董事局建議委任有關人選，董事局將按候選人之資歷、經驗及背景審閱有關人選之資格，決定是否適合加入本集團。

年度內，董事局並無就提名新董事舉行會議。

核數師酬金

於截至二零零五年十二月三十一日止年度，集團委聘本公司外聘核數師提供以下服務，並分別收取費用如下：



Corporate Governance Report 企業管治報告

AUDIT COMMITTEE

The Audit Committee was established in 2001. The Audit Committee currently comprises three members, Mr. Cui Shu Ming, Mr. Song Yufang and Mr. Huang Shenglan. All of them are Independent Non-Executive Directors. The chairman of the Audit Committee is Mr. Cui Shu Ming. 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 in the Audit Committee.

The Audit Committee's functions includes:

- to review and monitor financial reporting and the reporting judgement contained in them; and
- to review financial and internal controls, accounting policies and practices with management, internal and external auditors.

The Audit Committee held two meetings during the year under review, one of which was attended by the external auditors, PricewaterhouseCoopers. Details of the attendance of the Audit Committee Meetings are as follows:

Mr. Cui Shu Ming
崔書明先生
Mr. Song Yufang
宋玉芳先生
Mr. Huang Shenglan
黃勝藍先生

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters. The audited consolidated financial statements of the Group for the year ended 31 December 2005 have been reviewed by the Audit Committee.

審核委員會

審核委員會於二零零一年成立。審核委員會現時由三名成員組成，分別為崔書明先生、宋玉芳先生及黃勝藍先生，全部均為獨立非執行董事。審核委員會主席為崔書明先生。董事局認為各審核委員會成員均具有廣泛的商務經驗，而委員會內適當地融合了營運、會計及財務管理等方面的專業知識。

審核委員會的功能包括：

- 審議及監察財務報告，以及報告所包含的申報判斷；及
- 與管理層、內部及外聘核數師審議財務、內部監控及會計政策及常規。

審核委員會於年度內舉行兩次會議，外聘核數師羅兵咸永道會計師事務所曾出席其中一次會議。審核委員會會議之出席記錄詳情如下：

Members' Attendance 委員出席次數

Mr. Cui Shu Ming 崔書明先生	2/2
Mr. Song Yufang 宋玉芳先生	2/2
Mr. Huang Shenglan 黃勝藍先生	2/2

審核委員會已與管理層審閱及討論本集團採用之會計政策及慣例，以及審計、內部監控及財務申報事宜。截至二零零五年十二月三十一日止年度之經審核綜合財務報表已經審核委員會審閱。



Corporate Governance Report 企業管治報告

DIRECTORS' AND AUDITORS RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out on pages 41 and 42.

INTERNAL CONTROL

The Board has overall responsibility for the 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 interests of shareholders and the assets of the Group. The Board has delegated to the management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management functions.

INVESTORS RELATIONS

The Company is committed to maintain an open and effective investors relations policy and to update investors on relevant information/developments in a timely manner, subject to relevant regulatory requirements. Briefings and meetings with institutional investors and analysts are conducted from time to time. The Company also replied the enquiries from shareholders timely. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries.

The corporate website of the Company has provided a communication platform via which the public and investor community can access to up-to-date information regarding the Group.

董事及核數師對帳目之責任

董事對帳目之責任及外聘核數師對股東之責任載於第41頁及第42頁。

內部監控

董事局對本公司的內部監控制度及對檢討其效率承擔整體責任。董事局致力落實有效及良好的內部監控制度，以保障股東投資及集團資產。董事局已委派管理層落實內部監控系統及檢討所有相關財務、營運、規管監控及風險管理效能。

投資者關係

本公司致力按照有關監管規定，維持公開及有效的投資者關係政策，並適時向投資者提供最新的業務資料／發展。本公司不時與機構投資者及分析員會面及簡報，亦及時回應股東查詢。董事每年主持股東週年大會，會見股東及回應彼等之提問。

本公司的公司網址亦提供了溝通平台，為公眾和投資者提供渠道查閱的最新集團訊息。