

Corporate Governance Report 企業管治報告

The Company committed to achieve the highest standard of corporate governance level, and adhere to the principles of corporate governance emphasising independence, accountability, responsibility and fairness. Directors believe that good corporate governance practices are an essential element in guiding the growth and management of the business of the Group.

Code on Corporate Governance Practices

The Company has complied with the code provisions of 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 ("Listing Rules") throughout the year of 2005.

Board of Directors

As of December 31, 2005, the Board of Directors of the Company comprises 11 directors, including 6 executive directors namely Messrs. HU Aimin, ZHANG Yijun, LIU Jianhua (resigned executive director on December 23, 2005), Ms. ZHAO Mingfeng, Messrs. LIANG Kaiping, XU Ruxin and ZHU Huoyang, 3 independent non-executive directors namely Messrs. WONG Po Yan, LI Wai Keung and WU Wai Chung, Michael and 2 non-executive directors namely Messrs. LEE Yip Wah, Peter and HU Zuoyuan (appointed as non-executive director on December 23, 2005).

Pursuant to the requirements of the Listing Rules, each independent non-executive directors has issued confirmation letter to confirm their independence to the Group.

本公司致力達到最高的企業管治水平，遵循獨立、問責、負責和公平的公司管理原則。董事會相信良好的公司管治對領導本集團業務的發展和管理十分重要。

企業管治常規守則

本公司在二零零五年度全年均遵守《香港聯合交易所有限公司證券上市規則》（「上市規則」）附錄十四所載的《企業管理常規守則》（「守則」）內的守則條文。

董事會

截至二零零五年十二月三十一日止，本公司董事會由十一位董事組成：其中六位執行董事，包括胡愛民先生、張宜均先生、劉建華先生（於二零零五年十二月二十三日辭任執行董事）、趙明豐女士、梁開平先生、徐汝心先生及朱火養先生。三位獨立非執行董事為黃保欣先生、李偉強先生和吳偉聰先生。另二位非執行董事為李業華先生和胡作元先生（於二零零五年十二月二十三日獲委任為非執行董事）。

按照上市規則規定，每一位獨立非執行董事均向本集團發出確認書以確認其獨立性。

Directors held board meetings regularly, in 2005 there were 21 full board meetings held by the Company including 4 regular board meetings with the attendance of directors as follows:

董事會定期召開董事會，於二零零五年舉行了包括四次常規董事會會議在內的共21次董事會會議，董事出席情況如下：

Name 姓名		Attendance 出席率
Mr. HU Aimin (Chairman)	胡愛民先生 (主席)	17/21
Mr. ZHANG Yijun (President)	張宜均先生 (總裁)	17/21
Mr. LIU Jianhua (Resigned on December 23, 2005)	劉建華先生 (於二零零五年十二月二十三日辭任)	8/21
Ms. ZHAO Mingfeng	趙明豐女士	14/21
Mr. LIANG Kaiping	梁開平先生	9/21
Mr. XU Ruxin	徐汝心先生	4/21
Mr. ZHU Huoyang	朱火養先生	5/21
Mr. WONG Po Yan	黃保欣先生	6/21
Mr. LI Wai Keung	李偉強先生	5/21
Mr. WU Wai Chung, Michael	吳偉聰先生	5/21
Mr. LEE Yip Wah, Peter	李業華先生	3/21
Mr. HU Zuoyuan (appointed on December 23, 2005)	胡作元先生 (於二零零五年十二月二十三日獲委任)	1/21

The Board led by the Chairman of the Board is responsible for the approval and overseeing of the Company's overall strategies and policies, the approval of annual budget and business development plan, assessment of the performance of the Company and supervision of the functional matters of the management.

董事會在董事會主席的領導下，負責批准和監察公司的整體策略和政策，批准年度預算和業務發展計劃，評估公司表現和監督管理層的工作事務。

All directors upon appointment shall seek for re-election at the annual general meeting. The proposed directors will be submitted to the Board for their approval to ensure to appoint the person who has leadership capabilities to be directors to maintain and enhance the competitiveness of the Company.

所有董事獲委任後須於股東週年大會上尋求連任。建議之董事會被提交董事會審批，旨在委任具領導才能的人士為董事，以保持和提升本公司競爭力。

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Model Code

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (“Model Code”) in January 2005 as the code of conduct of the Company regarding securities transactions by directors. During the year of 2005, no directors engaged in any securities transactions. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code regarding directors’ securities transactions throughout the year. In addition, the Board has adopted provisions of the Model Code as written guidelines for relevant employees (as defined in provision A.5.4 in Schedule 14) in respect of their dealings in the securities of the Company. Such relevant employees shall abide by the provisions of the Model Code.

The Board has established two committees, namely Audit Committee and Remuneration Committee, mainly to monitor relevant matters of the Group.

Chairman and President

Chairman and President are two clearly separate posts and are held by Mr. HU Aimin and Mr. ZHANG Yijun respectively.

Chairman is responsible for guiding and supervision of the operation of the Board, and effectively planning Board meetings, to ensure the Board is acting the best interest of the Company.

President is responsible for the management of the Company’s business, to formulate and implement the policies of the Company, and answerable to the Board in relation to the overall operation of the Company. The President and other executive directors work together with each core business units and administrative management team to ensure the Board’s full awareness of the financial needs for the business of the Company and to submit annual budget for the approval of the Board. With the assistance of the financial controller, the President ensures the sufficient supply of funds to meet the needs of the business operation and closely monitors the operation and financial results of the Company according to financial planning and budget, and offers opinion to the Board regarding material development and issues. The President communicates with all directors, to make sure they are well briefed on all material business developments and plans of the Company, and is responsible to maintain high efficient administration team to support him to perform his duties in this position.

標準守則

二零零五年一月，董事會採納《上市公司董事進行證券交易的標準守則》（「標準守則」）作為公司有關董事進行證券交易的紀律守則。二零零五年度內，公司董事均無證券交易行為。在向所有董事作出特定查詢後，全體董事確認，彼等於年度內一直遵守標準守則所訂有關董事進行證券交易的標準，此外，董事會採納標準守則的條文作為有關僱員（按附錄十四守則條文A.5.4所界定）買賣本公司證券的書面指引，該等有關僱員須遵守標準守則的規定。

董事會成立兩個委員會，分別為審核委員會及薪酬委員會，主要為監察本集團在有關方面的事務。

主席與總裁

董事會主席與總裁分別為胡愛民先生和張宜均先生擔任，為兩個明確劃分的不同職位。

主席負責領導與監管董事會的運作，有效地規劃董事會會議，確保董事會以符合公司最佳利益的方式行事。

總裁負責管理公司的業務，制定與實施公司的政策，並就公司整體營運向董事會負責。總裁跟其他執行董事與各核心業務部門和行政管理隊伍通力合作，確保董事會全面瞭解公司業務的資金需求，並提呈年度預算供董事會審批。總裁在財務總監的協助下，確保業務運作的資金需求得到充足供應，同時根據財務計劃與預算密切監察公司營運與財務業績，就重大發展與事情向董事會提供意見。總裁與所有董事保持溝通，確保他們充分瞭解公司所有重大業務發展和計劃，並負責維持高效率的行政隊伍以支援其履行職責。

Director's Responsibilities to Financial Statements

The Directors acknowledge their responsibilities to prepare company financial statements in each financial year with supports from accounting departments and to ensure that the relevant accounting policies are observed and the accounting standards issued by the Hong Kong Institute of Certified Public Accountants are complied with in the preparation of such financial statements and to report the financial affairs of the Company in a true and fair manner.

The statement issued by the auditor of the Company regarding its reporting responsibilities was set out in detail in the Report of the Auditors on page 46.

Non-executive Directors

All non-executive directors including independent non-executive directors have fixed tenure, and shall be subject to retirement by rotation and re-election pursuant to the articles of association of the Company.

董事就財務報表所承擔的責任

董事承認有責任在財務部門的支援下，為公司每個財政年度編制財務報表時，貫徹應用適當的會計政策及遵守由香港會計師公會頒佈的會計準則，以真實及公平地報告本公司狀況。

有關本公司核數師發表其申報責任的聲明，詳列於第46頁核數師報告書內。

非執行董事

所有非執行董事包括獨立非執行董事均有指定任期，並須按本公司的組織章程細則輪值退任及重選連任。

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Remuneration Committee

The Remuneration Committee was established on 1 January 2005 with written terms of reference in compliance with the Code.

The Remuneration Committee consists of three independent non-executive directors. The Chairman of the Remuneration Committee is Mr. WONG Po Yan, Mr. LI Wai Keung and Mr. WU Wai Chung, Michael are members of the Remuneration Committee.

No director or any of his associates is involved in deciding his own remuneration. The Remuneration Committee makes recommendation to the Board on the policy and structure for all remuneration of directors and senior management. In determining and payment of the remuneration of directors and senior management, the Remuneration Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The terms of reference for the Remuneration Committee are posted on the website of the Company.

The Remuneration Committee held three meetings in 2005 to review and make recommendation to the Board on the director's fees of a newly appointed non-executive director and director's fees of all the existing non-executive directors, to determine remuneration for all existing executive directors and to determine and propose to determine the number of shares and terms of option regarding options to be granted to executive directors and non-executive directors. The attendance of the members of the Remuneration Committee is as follows:

Name
姓名

Numbers of meeting attendance
出席會議次數

Mr. WONG Po Yan (Chairman) 黃保欣先生 (主席)	3 meetings, 3 attendance 3次會議, 出席3次
Mr. LI Wai Keung 李偉強先生	3 meetings, 3 attendance 3次會議, 出席3次
Mr. WU Wai Chung, Michael 吳偉聰先生	3 meetings, 3 attendance 3次會議, 出席3次

薪酬委員會

本公司已於二零零五一月一日成立具有特定成文權責範圍的薪酬委員會。

薪酬委員會由三位獨立非執行董事組成。薪酬委員會由黃保欣先生擔任主席。李偉強先生及吳偉聰先生擔任薪酬委員會成員。

任何董事或其任何聯繫人士不得參與釐訂本身的薪酬。薪酬委員會就本公司董事及高級行政人員的全體薪酬政策及架構, 向董事會提出建議。在釐訂支付董事及高級管理人員的薪酬時, 薪酬委員會應考慮的因素包括同類公司支付的薪酬, 董事須付出的時間及董事職責, 集團內其他職位的僱用條件及是否應按表現釐訂薪酬等。薪酬委員會的職權範圍登載於本公司網站上。

薪酬委員會於二零零五年舉行3次會議以審議及向董事會建議一名新委任非執行董事的董事袍金及所有現任非執行董事的董事袍金, 釐訂所有現任執行董事的薪酬及分別釐訂及建議釐訂授予執行董事及非執行董事的認股權所涉及的股份數目及認股權的條款。薪酬委員會成員之出席紀錄如下:

Nomination of the Directors

The Directors is aware of their collective and individual responsibilities to the shareholders to guarantee the smooth operation and well being of the Company. During the year, executive directors are charged with the responsibility to consider and assess the candidates for directors based on their characters, qualifications and experiences suitable for the business of the Group. The recommendation of executive directors are then submitted for consideration and adoption by the Board as a whole. The Board held a meeting during the year to consider and accept the resignation of a executive director Mr. LIU Jianhua and nomination of appointment of Mr. HU Zuoyuan as non-executive director, Mr. HU Zuoyuan joined the Group on December 23, 2005. Except Mr. LIU Jianhua, all other executive directors, non-executive directors and independent non-executive directors participated in this Board meeting.

Auditor's Remuneration

The external auditor engaged by the Company is Ernst & Young.

This accountant firm shall not take any non-auditing job to keep its independence. The disclosure regarding the auditors' remuneration was set out in the note 6 to the financial statements.

Audit Committee

The Board has adopted new terms of reference for the Audit Committee pursuant to the Code on Corporate Governance Practices.

The Audit Committee comprises three independent non-executive directors and one non-executive director, they are all equipped with business and financial skills and experiences required for understanding financial statements. Mr. LI Wai Keung is the Chairman of the Audit Committee and other members are Mr. WONG Po Yan, Mr. WU Wai Chung, Michael and Mr. LEE Yip Wah, Peter.

董事提名

董事知悉，他們須共同及個別地對股東承擔責任，保證本公司的良好運作與成功經營。於本年度，執行董事負責審議及評估候選董事品格、資歷及是否擁有適用於本集團業務的經驗。其後將提呈執行董事的建議，以供全體董事會考慮及採納。董事會於本年度內舉行了一次會議，考慮及接納一名執行董事劉建華先生的辭任及委任胡作元先生為非執行董事的提名，胡作元先生於二零零五年十二月二十三日加入本集團。除劉建華先生外，所有其他執行董事、非執行董事及獨立非執行董事均出席該董事會會議。

核數師酬金

公司的外聘核數師為安永會計師事務所。

該會計師事務所不會接受從事非核數以外的工作，以確保其獨立性。有關核數師酬金披露在財務報表附註6。

審核委員會

董事會已根據企業管治常規守則採納新的審核委員會書面職權範圍。

審核委員會由三位獨立非執行董事及一位非執行董事組成，他們均具備瞭解財務報表所需的商業與財務技巧及經驗。審核委員會由李偉強先生擔任主席，其他成員為黃保欣先生、吳偉聰先生及李業華先生。

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The terms of reference for the Audit Committee include proposal to appoint or replace external auditors, supervise and implement the internal auditing system of the Company, verify the financial information of the Company and its disclosure, examine the internal control system of the Company and to take charge and act as channel of communication between internal audit and external audit functions.

The terms of reference for the Audit Committee are posted on the website of the Company.

The Audit Committee held two meetings during 2005, and the attendance of the members of the Audit Committee is 100%. The Audit Committee reviewed the interim report of the Company for the year 2005 and annual audit.

Investor Relationship and Shareholder's Interest

The Group values the communication between the shareholders and investors. The Group has regularly met with investors to enhance the corporate transparency. During the year, the Group met and/or held telephone conference with a number of investors and participated in institutional investors conferences.

The Board encourages its shareholders to participate in Annual General Meeting. Chairman and members of the Board had attended the annual general meeting and were available to answer questions.

To foster effective communications, the Company provides extensive information in annual report, interim report and newspaper announcements and also disseminates information relating to the Group and its business to the public in time through its website.

審核委員會的職責範圍包括提議聘請或更換外部審計機構、監督公司內部審計制度及實施審核公司的財務資訊及其披露、審核公司內控制度、負責內部審計與外部審計之間的溝通。

審核委員會的職權範圍登載於本公司網站上。

審核委員會於二零零五年共舉行了二次會議，審核委員會成員的出席率是百分之百。審核委員會審閱本公司二零零五年度中期業績報告及年度審計。

投資者關係及股東權益

本集團十分重視與股東和投資者之間的溝通。本集團定期與投資者會面，以提高企業透明度。年內，本集團與多個投資者會面及／或舉行電話會議，以及參與機構投資者舉辦的投資者會議。

公司鼓勵股東出席股東周年大會。主席和董事會成員均出席大會，以解答股東對有關公司業務的提問。

為促進有效溝通，本公司在年報、中期報告及報章公告中詳盡公佈公司資料，亦透過本公司網站向大眾及時公佈本集團的公告和相關本集團及其業務的資料。

Internal Control

The Board is overall responsible for overseeing the operations of all the businesses units within the Group. Suitable candidates are appointed by the Board to join in the boards of all subsidiaries and associates operating in key business areas, to attend the board meetings and to oversee the operations of such companies. The management of each business area is accountable for these operation and performance of the business under its area of responsibility.

The Board has conducted an annual review of internal control system of the Group pursuant to the Codes and considers that all the material internal controls in the Group are adequate and effective during the year.

內部監控

董事會全權負責監察旗下業務單位的運作。董事會委派適當人員加入所有經營重點業務的附屬公司和聯營公司的董事會，以出席其董事會會議來監察該等公司的運作。每項業務的管理層須為其業務運作與表現承擔問責。

董事會已根據守則對本集團的內部監控系統進行審查，董事會認為於本年度內本集團所有重要內部監控均為適當及有效。