

We are committed to maintaining a high standard of corporate governance. We firmly believe that to maintain a good, solid and sensible framework of corporate governance will ensure the Company to run its business in the best interest of its shareholders as a whole.

BOARD OF DIRECTORS

The Board currently comprises three Independent Non-executive Directors and Six Executive Directors. The Directors are in the opinion that save as disclosed below, the Company has complied with the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules throughout the year under review.

The Company does not fully comply with code provisions A.2.1, A.4.1 and A.4.2 in Appendix 14. Under code provision A.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any officer with the title “Chief Executive Officer”. The Board has chairman and deputy chairman who provide leadership to the Board in terms of establishing policies and business directions. In light of maintaining a lean corporate structure which is conducive to strong and effective leadership, the Board opines that it is not necessary to appoint a chief executive officer at the present moment. Under code provision A.4.1, the non-executive directors should be appointed for specific term, subject to re-election. Code provision A.4.2 provides that every director should be subject to retirement by rotation at least once every three years. All non-executive directors of the Company are not, however, appointed for specific term. The articles of association of the Company provide that all directors (except chairman) shall be subject to retirement by rotation.

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-Executive Directors to be independent.

本公司致力維持高質素之企業管治水平。本公司確信維持一個良好、穩固及合理之企業管治架構、能確保本公司以其整體股東之最佳利益經營業務。

董事會

董事會現由三位獨立非執行董事及六位執行董事組成。董事認為，除下文所披露者外，於截至二零零五年十二月三十一日止年內，本公司已遵守聯交所上市規則附錄十四（「附錄十四」）所載之公司管治常規守則除第A.2.1, A.4.1及A.4.2條文之規定。

根據守則條文第A.2.1條，主席與行政總裁的角色應有區分，並不應由一人同時兼任。本公司目前並無設立行政總裁一職。本公司董事會設主席和副主席，及就制定政策及業務方向領導董事會。為維持一個簡單之公司架構以助維持鞏固及有效之領導，董事會認為，現時並無必要委任行政總裁。根據守則條文第A.4.1條，非執行董事應以特定之年期委任，並可獲重選連任。根據守則條文第A.4.2條，每位董事應最少每三年輪值退任一次。本公司所有獨立非執行董事均沒有訂明任期。本公司所有董事（除主席外）均需根據本公司章程細則在週年大會上輪值告退。

本公司已收到向獨立非執行董事根據上市規則第3.13條就其身份之獨立性發出之週年確認書。本公司認為獨立非執行董事確屬獨立人士。

All Directors are not appointed for a specific term. Under the Company's Bye-laws, all Directors are subject to retirement by rotation and their re-election is subject to approval by shareholders at the Annual General Meeting. The Company's Bye-laws provide that directors appointed to fill a casual vacancy shall hold office only until the first annual general meeting after their appointment and shall be subject to re-election by the shareholders.

所有董事並不是以特定之年期委任。根據本公司章程細則，所有董事均須輪值告退，並須在股東週年大會上獲股東批准，方可膺選連任。本公司章程細則規定凡所獲委任填補臨時空缺之董事須於其獲委任後於首次股東週年大會經股東選舉。

The Board met four times in 2005 individual attendance of each Board member at these meetings is as follows:

董事會在二零零五年共舉行四次董事會會議。每名董事之出席會議記錄如下：

	<i>Note</i>	Attendance		<i>附註</i>	出席率
<i>Independent Non-executive Directors</i>			<i>獨立非執行董事</i>		
Mr. Chen Song Sheng		3/4	陳頌聲先生		3/4
Ms. Chang Ling	<i>(i)</i>	1/4	張玲女士	<i>(i)</i>	1/4
Ms. Zhou Mei Zhen		4/4	周美珍小姐		4/4
Ms. Wang Li Yun	<i>(ii)</i>	3/4	王凌雲小姐	<i>(ii)</i>	3/4
<i>Executive Directors</i>			<i>執行董事</i>		
Mr. Tong Shi Jun		4/4	佟世均先生		4/4
Mr. Zhang Jian		4/4	張健先生		4/4
Mr. Zhao Lishen		4/4	趙立申先生		4/4
Mr. Chiu Kong		4/4	趙鋼先生		4/4
Ms. Huang Ling		4/4	黃玲小姐		4/4
Ms. Zhu Jun		4/4	朱軍小姐		4/4

Notes:

附註：

- (i) Resigned as Independent Non-Executive Director on 16 September 2005.
- (ii) Appointed as Independent Non-Executive Director on 20 September 2005.

- (i) 於二零零五年九月十六日辭去獨立非執行董事。
- (ii) 於二零零五年九月二十日委任為獨立非執行董事。

The Company has Audit Committee, Remuneration Committee and Nomination Committee with details presented below.

本公司設審核委員會、薪酬委員會及提名委員會，詳情見下文。

Audit Committee

Audit Committee was established in 1999. Its current members include three Independent Non-Executive directors, who are:

Mr. Chen Song Sheng
Ms. Zhou Mei Zhen
Ms. Wang Li Yun

The Audit Committee's terms of reference are to make recommendation to the Board on the appointment, re-appointment and removal of the External Auditors and any questions of resignation or dismissal, their audit fees, matters relating to the independence of the External Auditors; to meet with the External Auditors to discuss the nature and scope of the audit, and matters of concern when requested to do so by the External Auditors; to review the interim financial report and annual financial statements before they are submitted to the Board; to discuss problems and reservations arising from the interim review and final audit; and any other matters the External Auditors may wish to discuss, and to review the External Auditors' management letter and management's response; and to consider any findings of major investigations of internal control matters as delegated by the Board on its own initiative and management's response.

The Committee met three times in 2005. Individual attendance of each Committee member is as follows:

	Note	Attendance
Independent Non-executive Directors		
Mr. Chen Song Sheng		1/3
Ms. Chang Ling	(i)	1/3
Ms. Zhou Mei Zhen		3/3
Ms. Wang Li Yun	(ii)	2/3

審核委員會

審核委員會於一九九九年成立。其現有成員包括三位獨立非執行董事為：

陳頌聲
周美珍
王凌雲

審核委員會之職權範圍包括就外聘核數師之委任、重新委任及罷免、或處理任何有關該核數師辭職或辭退該核數師，核數師酬金、外聘核數師之獨立性等事宜向董事會提供意見；與外聘核數師開會討論審核工作之性質及範圍及應外聘核數師要求處理值得關注事項；審閱中期財務報告及全年財務報告以便上呈董事會；討論源於中期審閱及年結審核週程發現之問題及保留意見，及任何其他外聘核數師欲討論之事宜；審核外聘核數師致管理層之函件及管理層之回應；及審議董事會指派或其自發進行之內部調查結果及管理層之回應。

委員會在二零零五年共舉行三次董事會會議。每名成員之出席會議記錄如下：

	附註	出席率
獨立非執行董事		
陳頌聲先生		1/3
張玲女士	(i)	1/3
周美珍小姐		3/3
王凌雲小姐	(ii)	2/3

Note:

- (i) Resigned as Independent Non-Executive Director on 16 September 2005.
- (ii) Appointed as Independent Non-Executive Director on 20 September 2005.

附註：

- (i) 於二零零五年九月十六日辭去獨立非執行董事。
- (ii) 於二零零五年九月二十日委任為獨立非執行董事。

Remuneration Committee

Remuneration Committee was set up in September 2005 to be responsible for formulating and recommending remuneration policy to the Board and determining the remuneration of 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 met once in 2005. Its current members include the following two Independent Non-Executive Directors and an Executive Director with individual attendance as shown below:

<i>Independent Non-Executive Director</i>	Attendance
Ms. Zhou Mei Zhen	1/1
Ms. Wang Li Yun	1/1
<i>Executive Director</i>	
Mr. Chiu Kong	1/1

薪酬委員會

薪酬委員會於二零零五年九月份成立、負責制訂薪酬政策及向董事提出建議，釐訂執行董事及集團高級管理人員之薪酬，以及檢討公司之購股權計劃、分紅機制、公積金與其他關於薪酬之事宜。

委員會在二零零五年共舉行一次委員會會議。其現有成員及每名成員之出席會議記錄如下：

獨立非執行董事	出席率
周美珍小姐	1/1
王凌雲小姐	1/1
執行董事	
趙綱先生	1/1

Nomination Committee

Nomination Committee was set up in September 2005 to be responsible for formulating policy and making recommendation to the Board on nomination, appointment of directors and Board succession. The Committee also develops selection procedure for candidates, reviews the size, structure and composition of the Board and assesses the Independence Non-executive Director.

提名委員會

提名委員會於二零零五年九月份成立、負責制訂提名政策，以及就董事之提名及委任與董事接任之安排向董事局提出建議。委員會亦會建立物色人選之程序，檢討董事局之架構、人數及組成，與評核獨立非執行董事的獨立性。

The Committee met once in 2005. Its current members include the following two Independent Non-Executive Directors and an Executive Director with individual attendance as shown below:

<i>Independent Non-Executive Director</i>	Attendance
Ms. Zhou Mei Zhen	1/1
Ms. Wang Li Yun	1/1
Executive Director	
Mr. Chiu Kong	1/1

委員會在二零零五年共舉行一次委員會會議。其現有成員及每名成員之出席會議記錄如下：

獨立非執行董事	出席率
周美珍小姐	1/1
王凌雲小姐	1/1
執行董事	
趙鋼先生	1/1

Internal Control

The Board has overall responsibility for maintaining sound and effective internal controls to safeguard the Group's assets and shareholders' interest. The Board conducts regular review of the Group's internal control system. The Board monitored the Group's progress on corporate governance practices throughout the year under review. Periodic meeting were held, and circulars or guidance notes were issued to directors and senior management where appropriate, to ensure awareness of best corporate governance practice.

The system includes a well-established organizational structure with clearly defined lines of responsibility and authority, which is designed to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. Executive management is directly responsible for implementing the strategy and policies adopted by the Board, and for all the Group's activities.

The Board assesses the effectiveness of internal controls by considering reviews performed by the Audit Committee, executive management and External Auditors. The Board believes that the present internal control system is adequate and effective.

內部監控

董事局有責任維持穩健及有效之內部監控，以保障集團之資產及股東之利益，並檢討該等系統之效率。董事局將不時檢討集團之內部監控系統。董事局監察及檢討集團之企業管治常規，於合適情況下向董事及高級管理人員發出通告及指引，以確保其對企業管治常規之警覺性。

監控系統包括一個成熟的組織架構，清楚界定各單位之權力責任，用以保障資產不會不當地使用，維持妥善賬目及確保規則獲得遵守。管理層直接負責執行董事局釐訂之策略及政策，並負責集團之運作，包括內部監控系統之運作。

董事局參考由審核委員會、集團管理層及外聘核數師之檢討而對內部監控之效用作出評估。董事局相信現時之內部監控系統足夠及有效。

Auditors Remuneration

During the year, the remuneration paid to the Company's auditors, CCIF CPA Limited, is set out as follows:—

	Fee paid/payable <i>HK\$000</i>
Audit services	340
Non-audit services	140
	480

核數師酬金

年內，支付予本公司核數師陳葉馮會計師事務所有限公司之酬金載列如下：

	已付／應付費用 千港元
審核服務	340
非審核服務	140
	480

Model Code for Securities Transaction

The Group has adopted, on 26 April 2005, the Model Code for Securities Transactions by Directors (the "Code"), contained in Appendix 10 of the Listing Rules. Special enquiry has been made of all Directors, and Directors have confirmed that they have complied with the required standard set out in the Code for the year ended 31 December 2005.

進行證券交易的標準守則

本集團已於二零零五年四月二十六日採納上市規則附錄十所載之「上市公司董事進行證券交易之標準守則」。本公司已對全體董事作出具體查詢，而董事確定於截至二零零五年十二月三十一日止年度均遵守守則所規定之準則。

Investor Relations

We believe accountability and transparency are indispensable for ensuing good corporate governance and, in this regard, timely communication with our shareholders, including institutional investors, is crucial. We will manage investor relation systematically as a key part of our operations by constructing its own website or through hyperlink services provider.

投資者關係

本集團相信問責制及透明度乃良好公司管治不可或缺之部分，故就此與股東(包括機構投資者)作適時溝通實為重要。本集團將會設立本公司自己網站或透過網上聯繫供應商有系統地處理投資者關係並視為本集團之主要工作。