

公司管治

Corporate Governance

本集團深信，維持高質素的公司管治，對所有的利益相關者均屬有利，並可令本集團的業務受惠

The Group is a strong believer in the principle that striving to maintain a high standard of corporate governance benefits all stakeholders and is good for business



良好的企業管治須符合下列主要原則的要求：

- 透明度
- 坦誠度
- 公信力

The key principles behind good governance are:

- Transparency
- Honesty
- Integrity

我們致力把這些信念融入公司文化，透過以身作則的領導方式、有效的培訓及適當的監控架構，由董事局和各委員會由上而下地廣泛推行。

年內，我們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《企業管治常規守則》所載之守則條文。我們繼續不時審閱本公司的企業管治常規，務求不斷改進，與國際性的最佳常規看齊。

We attempt to instil these into the corporate culture through leadership by example, training and putting the proper control structures in place, headed by the Board of Directors and its various committees.

Throughout the year, we have complied with the code provisions set out in the Code on Corporate Governance Practices as stated in Appendix 14 of the Rules Governing the Listing of Securities ('the Listing Rules') on The Stock Exchange of Hong Kong Limited ('the Stock Exchange'). We continue to review our practices from time to time with an aim to improve the Group's corporate governance practices so as to meet international best practice.

A 董事

A.1 董事局

董事局每年舉行最少四次會議，其中包括兩次全體會議以審批中期業績和全年業績以及擬定中期股息和末期股息金額：

- 於二零零五/零六年度，董事局舉行了五次會議，其中包括一次在香港以外（在瀋陽市）舉行的會議，該會議讓董事對本公司在瀋陽市作出的新投資有更清晰的理解
- 另於有需要時開會商議各類重大交易，包括發行債券、重大收購及出售，以及關連交易（如有）

二零零五/零六年度，董事出席各類會議的記錄如下：

A Directors

A.1 The Board

Board Meetings are held at least four times a year and include two full Board Meetings to approve interim and annual results and to propose interim and final dividends:

- five meetings of the Board of Directors were held in 2005/06, including one held outside Hong Kong (in Shenyang) so as to give Directors a clearer view on the Company's new investment in Shenyang
- meetings are also held as and when necessary to discuss significant transactions, including issuance of debt securities, material acquisitions and disposals, and connected transactions, if any

Details of Directors' attendance records in 2005/06 were as follows:

董事	Directors	出席會議次數/會議舉行次數 Meetings Attended/Held			
		董事局 Board	審核委員會 Audit Committee	提名及薪酬委員會 Nomination & Remuneration Committee	股東週年大會 AGM
獨立非執行董事	Independent Non-Executive Directors				
殷尚賢	S.S. Yin	4/5	N/A	N/A	1/1
鄭漢鈞	H.K. Cheng	5/5	2/2	1/1	1/1
陳樂怡	Laura L.Y. Chen	4/5	1/2	1/1	1/1
葉錫安	Simon S.O. Ip	4/5	2/2	1/1	1/1
廖約克	York Liao	5/5	2/2	1/1	0/1
非執行董事	Non-Executive Director				
陳樂宗	Gerald L. Chan	4/5	N/A	N/A	1/1
執行董事	Executive Directors				
陳啟宗	Ronnie C. Chan	5/5	N/A	N/A	1/1
袁偉良	Nelson W.L. Yuen	5/5	N/A	N/A	1/1
吳士元	Terry S. Ng	5/5	2/2	N/A	1/1

所有董事均可向主席或公司秘書提出，在董事局會議之議程內列入商討事項。於定期董事局會議舉行日期最少十四天前，向董事發出會議通告。董事局並已同意董事尋求獨立專業意見之程序，其所需費用由本公司支付。

公司秘書負責確保董事局依循程序及遵守適用法律及規例；所有董事均可獲得公司秘書之意見及服務。公司秘書亦就企業管治情況及《企業管治常規守則》之施行事宜，向主席及董事局提供意見。董事局及各委員會之會議記錄初本，由公司秘書分別交予全體董事或各委員會成員供彼等置評，而會議記錄定本則分別交予彼等留檔。公司秘書負責保存董事局及各委員會所有會議記錄，任何董事均可查閱。

公司已為董事和高級管理人員購買適當保險，保障彼等因履行職務有可能承擔之法律訴訟責任。

A.2 主席及行政總裁

主席

主席陳啟宗先生為董事局之領導人。彼負責確保所有董事均可適時獲得足夠及完整可信之資料以及可就其在董事局會議所提出之問題獲清楚之解釋。彼亦確保：

- 董事局有效地運作及履行責任；
- 董事局適時商討所有重要問題；
- 公司建立良好之管治常規和程序；及
- 公司採取適當步驟與股東有效地溝通，而股東之意見可傳達到董事局。

主席最少每年一次與獨立非執行董事會面，執行董事不會列席。主席主要負責為每次董事局會議定出議程，並在適當情況下考慮把其他董事提出之任何事宜列入議程。彼亦可把此項責任交由公司秘書執行。

All Directors can give notice to the Chairman or the Company Secretary if they intend to include matters in the agenda for Board Meetings. Notice will be given to Directors at least 14 days before a regular Board Meeting. Procedure has been agreed by the Board to enable Directors to seek independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that procedures are followed and that all applicable laws and regulations are complied with. The Company Secretary is also a source of advice to the Chairman and to the Board on corporate governance and the implementation of the Code on Corporate Governance Practices. Draft and final versions of minutes of Board Meetings and meetings of Board Committees are sent to all Directors or Committee members respectively for their comments and record. All minutes of Board Meetings and meetings of Board Committees are kept by the Company Secretary and are open for inspection by any Director.

We have arranged appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against the Group's Directors and senior management arising out of corporate activities.

A.2 Chairman and Chief Executive Officer

Chairman

The Chairman, Mr Ronnie C. Chan, provides leadership for the Board. He is responsible for ensuring that Directors receive adequate information, which must be complete and reliable, in a timely manner and that all Directors are properly briefed on issues arising at Board Meetings. He also ensures that:

- the Board works effectively and discharges its responsibilities;
- all important and appropriate issues are discussed by the Board in a timely manner;
- good corporate governance practices and procedures are established; and
- appropriate steps are taken to provide effective communication with shareholders and that views of shareholders are communicated to the Board as a whole.

The Chairman holds meetings at least annually with the Independent Non-Executive Directors without the Executive Directors present. He is primarily responsible for drawing up and approving the agenda for each Board Meeting taking into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda, but may delegate such responsibility to the Company Secretary.

主席鼓勵所有董事全面地及積極地為本公司之事務作出貢獻，並以身作則，確保董事局之決定符合本公司之最佳利益。彼亦務求非執行董事對董事局能作出有效之貢獻，並確保執行董事與非執行董事保持有建設性之關係。

董事總經理 (行政總裁)

董事總經理 (行政總裁) 袁偉良先生。董事總經理與主席肩負不同職責。

身為本公司執行委員會的成員，董事總經理負責：

- 本公司之整體業務運作，並執行董事局所採納之政策和策略；
- 按董事局的指示管理本公司之日常業務；
- 就董事局所設定之目標和優先次序制定策略性業務計劃，並致力保持本公司之業務表現；及
- 確保本公司之財務和內部監控機制以及業務運作，均充分符合適用法規之規定。

董事總經理負責主持本公司每月舉行之部門營運會議，制定本公司之管理架構及內部守則供董事局審批，並就高級行政人員之委任及辭退向董事局作出建議。

A.3 董事局組成

董事局現有九名成員：

- 三名執行董事，分別為陳啟宗先生、袁偉良先生及吳士元先生；
- 一名非執行董事，彼為陳樂宗先生；及
- 五名獨立非執行董事，分別為殷尚賢先生、鄭漢鈞先生、陳樂怡女士、葉錫安先生及廖約克先生。彼等均具備適當之學術及專業資格或相關之財務管理專才，並以其豐富的商務及財務經驗為董事局作出貢獻。

He will encourage all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the Company. He will facilitate the effective contributions of Non-Executive Directors and ensure constructive relations between Executive and Non-Executive Directors.

Managing Director (Chief Executive Officer – CEO)

Mr Nelson W.L. Yuen, the Managing Director (CEO). The roles of the Managing Director are separate from those of the Chairman.

The Managing Director is a member of the Executive Committee of the Company and is responsible for:

- operating the business of the Company and implementing policies and strategies adopted by the Board of Directors;
- the Company's day-to-day management in accordance with the instructions issued by the Board;
- developing strategic operating plans that reflect the objectives and priorities established by the Board and maintaining the operational performance; and
- ensuring the adequacy of systems of financial and internal control and conduct of business in conformity with applicable laws and regulations.

The Managing Director chairs the monthly meetings of the Company's various operational divisions. He formulates, for the Board's approval, the management organisation and internal rules of the Company and will recommend the appointment and dismissal of senior executives.

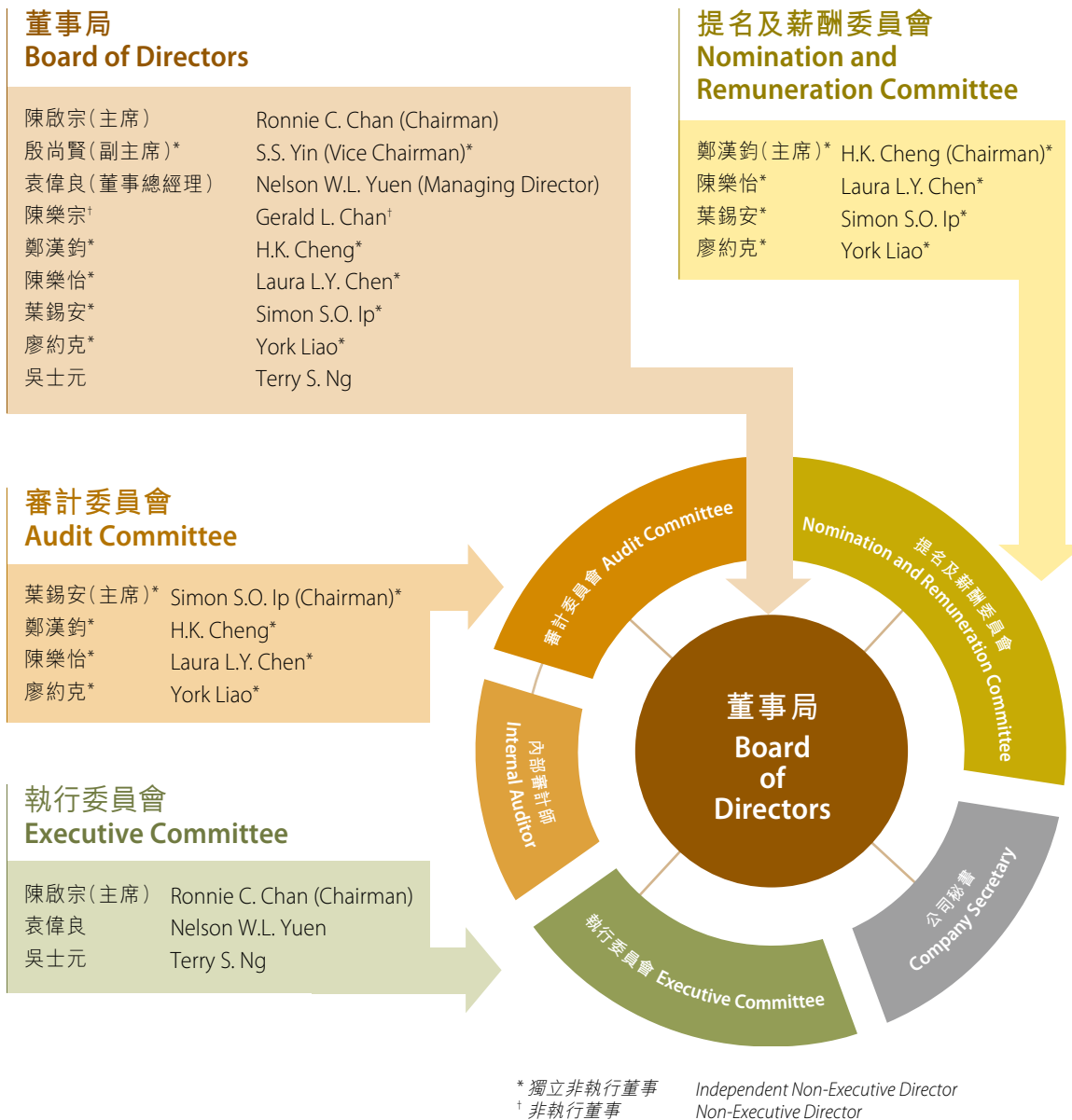
A.3 Board composition

The Board of Directors currently comprises nine persons:

- three Executive Directors, namely, Mr Ronnie C. Chan, Mr Nelson W.L. Yuen and Mr Terry S. Ng;
- one Non-Executive Director, namely, Mr Gerald L. Chan; and
- five Independent Non-Executive Directors, namely, Mr S.S. Yin, Mr H.K. Cheng, Ms Laura L.Y. Chen, Mr Simon S.O. Ip and Mr York Liao. They possess appropriate academic and professional qualifications or related financial management expertise and bring a wide range of business and financial experience to the Board.

下表列出本公司之董事局成員及公司管治架構：

The following chart illustrates the composition of the Company's Board of Directors as well as its corporate governance structure:



本公司網頁之董事簡介提供最新的董事名單及履歷詳情。

An updated list of Directors showing their biographical details is maintained on our website under Profile of Directors.

A.4 委任、重選和罷免

遵照本公司之組織章程細則，新委任之董事須於應屆股東週年大會（「週年大會」）獲股東重選方可連任。此外，董事人數三分之一須於週年大會輪值告退，而每位董事須最少每三年輪值告退一次，並須獲股東重選方可連任。所有該等合資格重選之董事姓名連同其詳細履歷，均會載於週年大會通告內。

執行董事概無與本公司訂立於一年內倘終止則須作出賠償（法定賠償除外）之服務合約。非執行董事之任職屆滿日期與彼等之預期輪值告退日期（最少每三年一次）一致。

為進一步提高問責性，凡服務董事局超過九年之獨立非執行董事，須獲股東以獨立決議案批准方可連任。我們會在週年大會通告中，向股東列明董事局認為獨立非執行董事仍屬獨立人士的原因以及我們對彼等應重新獲選為董事的建議。

我們已接獲每位獨立非執行董事按上市規則第3.13條所提交有關其獨立性之年度確認書，故認為所有獨立非執行董事均繼續保持其獨立性。

A.5 董事責任

每位新委任之董事在首次接受委任時均會獲安排與其他董事和高級管理層成員會面，並會獲得全面、正式兼特為其而設的就任須知，藉此確保該董事妥善理解本公司之業務運作，以及完全清楚其本人按照法規及普通法、上市規則、其他法定規則及本公司之管治政策所應負之責任。公司秘書會持續更新董事對其職責及有關法規的了解，所有董事必須向我們披露其於公眾公司或組織擔任的職位及其他重大承擔。

A.4 Appointment, re-election and removal

In accordance with our Articles of Association, new appointments to the Board are subject to re-election by shareholders at the upcoming Annual General Meeting ('AGM'). In addition, one-third of the Directors will retire from office by rotation for re-election by shareholders at the AGM and every Director is subject to retirement by rotation at least once every three years. The names of such Directors eligible for re-election will be stated in the notice of AGM accompanied by detailed biographies.

The Executive Directors do not have any service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation). Non-Executive Directors are appointed for specific terms, which coincide with their expected dates of retirement by rotation at least once every three years.

To further enhance accountability, any further appointment of an Independent Non-Executive Director who has served the Board for more than nine years will be subject to a separate resolution to be approved by shareholders. We will state in the notice of AGM the reason why we consider the Independent Non-Executive Director continues to be independent and our recommendation to shareholders to vote in favour of the re-election of such Independent Non-Executive Director.

We have received from each of our Independent Non-Executive Directors the annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and therefore we still consider the Independent Non-Executive Directors to be independent.

A.5 Responsibilities of Directors

Every newly appointed Director will meet with other fellow Directors and members of senior management, and will receive a comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has a proper understanding of the operations and business of the Company, and that he/she is fully aware of his/her responsibilities under statute and common law, the Listing Rules, other regulatory requirements, and especially the governance policies of the Company. The Company Secretary will continuously update and refresh Directors on areas regarding their responsibilities and relevant regulations. All Directors are required to disclose to the Company their offices held in public companies or organisations and other significant commitments.

董事負責：

- 確保領導層之連續性；
- 設定卓越之業務策略；
- 確保資金和管理資源足以應付業務策略之推行；及
- 確保財務及內部監控制度健全，業務運作符合適用之法規。

伍綺琴女士為本公司之**合資格會計師**。彼負責統籌本公司及其附屬公司之財務匯報程序及內部監控，並確保財務報告及其他會計相關事宜符合上市規則之規定。

本公司之企業操守守則（「操守守則」）內有關「買賣本公司之股份」之指引，載有本公司已採納的一套不低於上市規則附錄十所載之《標準守則》（「守則」）所規定的董事買賣證券標準的行為守則。本公司已向所有董事作出特定查詢，彼等亦確認已遵守守則及操守守則所規定的董事買賣證券標準。

A.6 資料提供及使用

董事局或各委員會的會議文件，應全部及會於計劃舉行會議日期的最少三天前交予所有董事。管理層須為董事局及各委員會提供足夠資料和解釋，以讓董事局及各委員會於作出決定前能充分掌握有關之財務及其他資料。在適當情況下，管理層會獲邀出席董事局會議。所有董事均有權取得有關本公司業務的適時資料，於有需要時作出進一步查詢，並可個別地聯絡高級管理人員。

The Directors are responsible for:

- ensuring continuity of leadership;
- development of sound business strategies;
- availability of adequate capital and managerial resources to implement the business strategies adopted; and
- adequacy of systems of financial and internal controls and conduct of business in conformity with applicable laws and regulations.

Ms Estella Y.K. Ng is our **Qualified Accountant**. She is responsible for oversight of the financial reporting procedures and internal controls of the Company and its subsidiaries and compliance with the requirements under the Listing Rules with regard to financial reporting and other accounting-related issues.

We have set out guidelines regarding securities transactions by Directors under 'transactions in the Company's shares' in our Code of Conduct ('the Code of Conduct'), which are on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules ('the Code'). Specific enquiry has been made to all Directors who have confirmed that they have complied with the required standard set out in the Code and the Code of Conduct regarding Directors' securities transactions.

A.6 Supply of and access to information

Full Board or Committee papers will be sent to all Directors at least three days before the intended date of a Board Meeting or Committee meeting. Management has supplied the Board and its Committees with adequate information and explanations so as to enable them to make an informed assessment of the financial and other information put before the Board and its Committees for approval. Management is also invited to join the Board Meetings where appropriate. All the Directors are entitled to have access to timely information in relation to our business and make further enquiries where necessary, and they can have separate and independent access to senior management.

B 董事及高級管理人員的薪酬

B.1 薪酬及披露的水平及組成

提名及薪酬委員會

提名及薪酬委員會乃於二零零三年設立，其成員包括四名獨立非執行董事，分別為鄭漢鈞先生（委員會主席）、陳樂怡女士、葉錫安先生及廖約克先生。該委員會定期舉行會議以審閱有關人力資源之議題，包括集團薪酬架構之重大改變及影響董事和高級管理人員之條款及條件之重大改變。於二零零五/零六年度內，委員會舉行了一次會議，以審閱（其中包括）董事局現時之成員架構及董事酬金。

委員會之職權範圍如下（已載於本公司的網頁供瀏覽）：

- (a) 定期審閱董事局之架構、人數及成員（包括董事之技能、知識和經驗），並就任何需要之變動向董事局提出建議；
- (b) 物色具有適當資格可出任董事之人選，並提名及作出甄選或向董事局就有關甄選提出建議；
- (c) 評估獨立非執行董事之獨立性；
- (d) 就委任董事或重新委任董事之相關事宜以及董事（尤其主席及行政總裁）之繼任計劃向董事局提出建議；
- (e) 就本公司有關董事和高級管理人員之酬金政策及架構，以及有關政策須制定之正式及具透明度之程序，向董事局提出建議；
- (f) 獲授權釐定所有執行董事和高級管理人員之特定酬金安排，包括非金錢利益、退休金權利及賠償金額（包括因喪失職位或終止委任而獲支付之任何賠償），並就非執行董事之酬金向董事局提出建議。委員會須考慮各項因素，包括可供比較之公司所支付之薪金、董事所投入之時間及承擔之職責、集團其他職位之僱用條件、以及與表現掛鈎之酬金安排是否可取；

B Remuneration of Directors and Senior Management

B.1 The level and make-up of remuneration and disclosure

Nomination and Remuneration Committee

A *Nomination and Remuneration Committee* was set up in 2003, constituted by four Independent Non-Executive Directors, namely Mr H.K. Cheng (Chairman of the Committee), Ms Laura L.Y. Chen, Mr Simon S.O. Ip and Mr York Liao. Regular meetings were held to review human resource issues, including significant Group-wide changes in salary structure and terms and conditions affecting Directors and senior management. The Committee met once in 2005/06 to review, inter alia, the composition of existing Board members and the Directors' remuneration.

Its terms of reference, which are accessible to all via our website, are as follows:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) to assess the independence of Independent Non-Executive Directors;
- (d) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer;
- (e) to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (f) to have the delegated responsibility to determine the specific remuneration packages of all Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of Non-Executive Directors. The Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;

(g) 參考董事局不時決定之企業目標，對與表現掛鈎之酬金安排進行審閱及審批；

(h) 審閱及審批因執行董事或高級管理人員喪失職位或終止委任而須向其支付之賠償，確保該項賠償乃按照有關合約條款釐定並對本公司公平及不會對本公司造成過重負擔；

(i) 審閱及審批因董事行為失當而把其撤職或罷免而須向其支付之賠償安排，確保該項安排乃按照有關合約條款釐定並屬於合理及適當；

(j) 確保有關酬金(包括退休金)之資料披露完全符合公司條例和上市規則之規定；

(k) 確保任何董事或其任何聯繫人不得自行釐訂薪酬；及

(l) 向董事局匯報提名及薪酬委員會之決定或建議。

董事和高級管理人員之酬金待遇(包括酌定花紅及股份期權)，乃取決於每名董事或高級管理人員之：

- 個人表現
- 技能和知識
- 對本集團業務之參與程度
- 達成之業務目標
- 本集團之表現及盈利

委員會從內部及外界取得指標報告，以評估董事和高級管理人員酬金之有關市場趨勢及競爭水平。委員會可諮詢主席及行政總裁就其對其他執行董事酬金之意見，並可在有需要時徵詢專業意見。

(g) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(h) to review and approve the compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

(i) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

(j) to ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Companies Ordinance and Listing Rules, are fulfilled;

(k) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

(l) to report back to the Board on their decisions or recommendation.

The remuneration package of Directors and senior management, including discretionary bonus and share options, is based on the following criteria:

- their individual performance
- skill and knowledge
- involvement in the Group's affairs
- their achievement of business targets
- performance and profitability of the Group

The Committee obtains benchmark reports from internal and external sources for evaluation of market trends and the competitive levels of remuneration being offered to Directors and senior management. Sufficient resources are provided to the Committee to discharge its duty. The Committee will consult the Chairman and the Chief Executive Officer about their proposals relating to the remuneration of other Executive Directors and have access to professional advice if considered necessary.

C 問責及核數

C.1 財務匯報

董事對本公司以持續營運為基準所編製的財務報表承擔責任，並於有需要時為財務報表作出合理的假設和保留聲明。本公司之財務報表乃按照上市規則、公司條例及香港公認會計原則及守則之規定而編製，並貫徹採用合適之會計政策及作出審慎及合理之判斷和估計。董事於年報、中期報告、股價敏感公告及上市規則和法規要求的其他披露文件內，致力確保就本公司之狀況和前景作出持平、清楚及容易理解之評估。

C.2 內部監控

我們維持良好的內部監控系統，確保內部監控系統穩健妥善而且有效。操守守則詳述本集團之業務宗旨，作為所有員工依隨之標準。

設立內部監控制度，是為了讓我們監察本集團之整體財務狀況、防止資產受損或被挪用、就欺詐及錯失作出合理預防措施、以及就因無法達成本集團之目標而可能帶來之風險作出管理。

我們對執行委員會、董事、行政人員及高級職員之活動設有明確之特定權限。年度及中期預算案編製後，均須先獲我們批准方可採納。我們密切監察各項業務，審閱每月之財務業績及與預算作出比較，並不時更新及改善內部監控以面對未來的挑戰。

我們採取極審慎的預防措施處理股價敏感資料。此等資料僅為須知人士所悉。

本公司設有內部審計部，後者獨立於本公司之日常運作及會計職務。內部審計師直接向審核委員會作出匯報。為提升內部審計功能之全面性和效益，審核委員會於二零零三年委託外聘核數師，由彼與內部審計師共同根據風險評估方法設定內部審計計劃。審核委員會已採納該計劃，並每年

C Accountability and Audit

C.1 Financial reporting

Directors acknowledge their responsibility for preparing the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Company's financial statements are prepared in accordance with the Listing Rules, Companies Ordinance and also the accounting principles and practices generally accepted in Hong Kong. Appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable. The Directors endeavour to ensure a balanced, clear and understandable assessment of the Company's position and prospects in annual reports, interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other statutory requirements.

C.2 Internal controls

We maintain a good internal control environment to enable the internal control systems and procedures to perform effectively. The Code of Conduct details the Group's philosophy in running its business and acts as a benchmark for all staff to follow.

Internal control systems have been designed to allow us to monitor the Group's overall financial position, safeguard its assets against loss and misappropriation, to provide reasonable assurance against fraud and errors, and to manage the risk in failing to achieve the Group's objectives.

We have a well defined specific limit of authority governing activities of the Executive Committee, Directors, executives and senior staff. Annual and mid-year budgets on all capital and revenue items are prepared and approved by us before being adopted. We monitor the business activities closely and review monthly financial results of operations against budgets. We also review and update the internal controls to meet upcoming challenges.

We take extreme precautionary measures in the handling of price-sensitive information. Such information is restricted to a need-to-know basis.

We maintain an internal audit department which is independent of our daily operations and accounting functions. The Internal Auditor reports directly to the Audit Committee. To enhance the comprehensiveness and effectiveness of the internal audit function, the Audit Committee commissioned the external auditors to jointly design an internal audit programme based on risk assessment methodology with the Internal Auditor in 2003, and this programme

均作出審閱。內部審計師每月與管理層商討其內部審計工作及結果，而管理層會就各項有關事宜作出適當之回應。內部審計師每季均向審核委員會提交報告。

內部審計師與審核委員會每六個月舉行一次正式會議，商討內部審計事宜。審核委員會舉行會議時，亦會向外聘核數師查詢其對本公司財務及內部監控事宜之意見。審核委員會有權與外聘核數師直接商討，雙方並會最少每年就此舉行一次會議，倘有需要，管理層不會列席。一名執行董事出席審核委員會會議，以解答審核委員會之查詢，並會向董事局匯報審核委員會會議上提出的事宜。

我們明白，我們有責任維持有效的風險管理及內部監控制度，並須每年最少審閱有關制度兩次。我們管理風險的方法包括作出策略性規劃、委任合適資歷及經驗豐富的人士擔任高級管理人員、定期監察本集團之表現、對資本支出及投資保持有效的監控、以及制定嚴謹的操守守則供所有董事及員工依從。

截至二零零六年六月三十日止之財政年度內，我們已就本公司及其附屬公司之所有監控機制作出審閱，範圍涵蓋財務、運作及合規監控、以及風險管理功能，對運作中的內部監控機制的成效和足夠程度感到滿意。我們作出此項結論，乃基於公司已清楚列明有關政策和程序，並已設定權限、監控財政預算及定期監察集團之表現，而我們亦已參考外聘核數師及內部審計師之報告。

我們確定，與去年比較，本公司所面對的主要風險，在性質上和程度上均無重大變化；本公司有能力應付其營商環境及外部環境之任何相關變化。此外，本公司年內並無遇到有關內部監控的重大問題。我們持續地緊密監察本公司的內部監控機制，並獲審核委員會進一步證實，內部監控機制正有效地運作。我們完全遵守《企業管治常規守則》之守則條文所載有關維持有效的內部監控制度的規定。

had been adopted by the Audit Committee and reviewed annually. On a monthly basis, the Internal Auditor discusses with the management his internal audit reviews and findings, and obtains management's responses on various issues. Internal audit reports are prepared for the Audit Committee every quarter.

Formal meetings are held every six months between the Internal Auditor and the Audit Committee to discuss internal audit issues. During Audit Committee meetings, the Audit Committee also enquires on financial and internal control matters with the external auditors. The Audit Committee has the authority to have direct discussion with external auditors in the absence of management if deemed necessary, and they meet at least once annually for this purpose. One Executive Director is present at the Audit Committee meetings to answer enquiries from the Audit Committee and to report to the Board of Directors on matters arising.

We acknowledge that it is our responsibility to maintain effective risk management and internal control systems and to review them twice a year. We manage risks by strategic planning, appointing appropriately qualified and experienced personnel to senior management positions, monitoring the Group's performance regularly, maintaining effective control over capital expenditure and investments, and setting a high level of Code of Conduct for all Directors and employees to follow.

We have conducted a review covering all material controls, including financial, operational and compliance controls and risk management functions of the Company and its subsidiaries for the financial year ended 30 June 2006 and were satisfied that an effective and adequate internal control system has been in operation. We came to this conclusion based on our clearly established company policies and procedures, specific limits of authority, budgetary controls, regular monitoring of performance and the reports from both the external auditors and the Internal Auditor.

We confirm that there have been no major changes in the nature and extent of significant risks faced by us from the previous financial year, and we have the ability to respond to any such changes in its business and the external environment. Furthermore, there were no significant internal control problems encountered during the year. We closely monitor our system of internal control, and have received further assurance from the Audit Committee that the internal audit function has been functioning effectively. We have complied with the code provisions set out in the Code on Corporate Governance Practices in respect of maintaining an effective internal control system.

C.3 審核委員會

審核委員會乃於一九九九年由董事局設立，其成員包括四名獨立非執行董事，分別為葉錫安先生（委員會主席）、鄭漢鈞先生、陳樂怡女士及廖約克先生。彼等均具備適當之學術及專業資格或相關之財務管理專才。審核委員會每年舉行最少兩至三次會議，與會者包括外聘核數師及內部審計師、財務董事及公司秘書，以討論內部審計工作之性質及範疇以及評核集團之內部監控。審核委員會於有需要時會與外聘核數師另行開會（管理層並不列席）。於二零零五/零六年度內，審核委員會舉行了兩次會議。

審核委員會之職權範圍如下（已載於本公司的網頁供瀏覽）：

與本公司核數師之關係

(a) 主要負責向董事局建議有關外聘核數師之委任、重聘及撤換事宜，並審批外聘核數師之酬金及聘用條款，以及解答有關外聘核數師辭職或撤職之任何問題；

(b) 依據適用之標準，審閱及監察外聘核數師之獨立性和客觀性及其核數程序之成效，並於審核工作開始前與外聘核數師討論審核性質和範圍及匯報責任；

(c) 制定及執行有關外聘核數師提供非核數服務之政策（就此而言，外聘核數師包括與該核數師行受同一機構控制、擁有或管理之任何機構，或一個合理知悉所有有關資料的第三方，在合理情況下會斷定該機構屬於該負責核數的公司的本土或國際業務的一部份的任何機構），並向董事局匯報其界定須採取行動或作出改善之任何事宜，以及向董事局建議應採取之行動；

檢討本公司之財務資料

(d) 監察財務報表、年報和賬目及中期報告之完整性，並審閱財務報告所載之主要判斷，重點包括：

- (i) 會計政策及準則之任何改變；
- (ii) 重要判斷之範疇；

C.3 Audit Committee

An *Audit Committee* was established by the Board in 1999, which comprises four Independent Non-Executive Directors with appropriate academic and professional qualifications or related financial management expertise, namely, Mr Simon S.O. Ip (Chairman of the Committee), Mr H.K. Cheng, Ms Laura L.Y. Chen and Mr York Liao. Meetings are held at least two to three times a year and are attended by external and internal auditors, the Finance Director and the Company Secretary for the purpose of discussing the nature and scope of internal audit work and assessing the Group's internal controls. Separate meetings will also be held with external auditor (in the absence of management) as and when required. The Audit Committee held two meetings in 2005/06.

Its terms of reference, which are accessible to all via our website, are as follows:

Relationship with the Company's auditors

(a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) to develop and implement policy on the engagement of an external auditor to supply non-audit services (for this purpose, external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally), and report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

Review of financial information of the Company

(d) to monitor the integrity of financial statements, annual report and accounts and half-year report and to review significant financial reporting judgements contained within them, focusing particularly on:

- (i) any changes in accounting policies and practices;
- (ii) major judgmental areas;

- (iii) 因核數而須作出之重大調整；
- (iv) 有關持續營運之假設及任何保留意見；
- (v) 有否遵照會計準則；及
- (vi) 有否遵照上市規則及其他與財務報告有關之法律規定；

- (e) 就上文(d)項而言：
 - (i) 委員會成員必須與董事局、高級管理人員及本公司之合資格會計師保持聯繫，並必須最少每年一次與本公司之核數師會面；及
 - (ii) 委員會須對有關報告及財務報表所反映或可能反映之任何重大或不尋常項目作出考慮，並必須就本公司之合資格會計師、監察主任或核數師所提出之任何事宜作出適當考慮；

監察本公司之財務匯報機制及內部監控程序

- (f) 檢討財務監控、內部監控及風險管理制度；
- (g) 與管理層討論內部監控制度，確保管理層履行職責確保內部監控制度有效地運作；
- (h) 主動或應董事局的委派，就有關內部監控事宜的重要調查結果及管理層的回應進行研究；
- (i) 如設有內部審計機制，確保內部審計師與外聘核數師合作無間，確保內部審計功能擁有足夠資源及在本公司內部享有適當地位，並審閱及監察內部審計功能之有效性；
- (j) 檢討本集團之財務及會計政策及準則；
- (k) 審閱外聘核數師致管理層之函件，包括其就會計記錄、財務報表或監控制度，對管理層所提出之任何重大查詢及管理層之回應；
- (l) 確保董事局對外聘核數師致管理層之函件內所提出之問題適時提供回應；
- (m) 向董事局匯報上市規則《企業管治常規守則》企業管治守則內關於審核委員會的守則條文所規定之事宜；
- (n) 研究董事局所界定的其他事宜；

- (iii) significant adjustments resulting from audit;
- (iv) the going concern assumptions and any qualifications;
- (v) compliance with accounting standards; and
- (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;

- (e) in regard to (d) above:
 - (i) members of the Committee must liaise with the Board of Directors, senior management and the person appointed as the Company's qualified accountant and the Committee must meet, at least once a year, with the Company's auditors; and
 - (ii) the Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and financial statements and must give due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer or auditors;

Oversight of the Company's financial reporting system and internal control procedures

- (f) to review financial controls, internal control and risk management systems;
- (g) to discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system;
- (h) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;
- (i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;
- (j) to review the Group's financial and accounting policies and practices;
- (k) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial statements or systems of control and management's response;
- (l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) to report to the Board on the matters set out in the code provisions for Audit Committee in the Code on Corporate Governance Practices of the Listing Rules;
- (n) to consider other topics, as defined by the Board;

其他職責

(o) 審閱供員工在保密情況下就財務匯報、內部監控或其他事宜舉報不當行為之安排；

(p) 擔當主要代表，以監察本公司與外聘核數師之關係；及

(q) 向董事局匯報審核委員會之決定或建議。

委員會獲董事局授權，可調查其職權範圍內之任何事項；向任何僱員索取任何所需資料，而所有僱員均須就委員會之要求作出通力合作；向外界法律人士或其他獨立專業人士尋求意見；及於有需要時邀請具有相關經驗和專才之外界人士參與會議。委員會獲提供足夠資源以履行其職責。

本年度內，審核委員會履行了(其中包括)以下之職責：

- 審閱並向管理層和外聘核數師取得有關中期業績(未經審核)和全年業績之解釋，包括與以往會計期有改變之原因、採用新會計政策之影響、對上市規則和有關法規的遵例情況、以及任何核數問題，然後建議董事局採納有關業績；
- 考慮及向董事局建議再度委任畢馬威會計師事務所為本公司之外聘核數師；
- 考慮及審批就僱用外聘核數師為本公司提供非核數服務之程序和指引；
- 收取及檢討內部審計師之內部審計報告；
- 與外聘核數師開會(管理層並不列席)以商討核數問題；
- 與內部審計師另行開會以商討內部審計問題；
- 審批二零零五/零六年度之內部審計計劃；及
- 就本公司的內部監控機制作出年度審閱。

D 董事局權力的轉授

D.1 管理功能

高級管理人員包括各助理董事及高級經理，彼等在各執行董事領導下負責本集團之日常運作及行政管理。董事局已給予高級管理人員清晰指引，明確界定那些事項須先獲董事局批准，高級管理人員方可代

Other duties

(o) to review arrangements by which employees may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters;

(p) to act as the key representative body for overseeing the Company's relation with the external auditor; and

(q) to report their decisions or recommendations to the Board.

The Committee is authorised by the Board to investigate any activity within its terms of reference; to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee; to obtain outside legal or other independent professional advice; and to secure the attendance of outsiders with relevant experience and expertise to their meetings if necessary. Sufficient resources are provided to the Committee to discharge its duty.

During the year, the Audit Committee has performed, inter alia, the following:

- reviewed and obtained explanation from management and the external auditors on the interim (unaudited) and annual results, including causes of changes from previous period, effect on the application of new accounting policies, compliance with the Listing Rules and relevant legislation, and any audit issues, before recommending their adoption by the Board of Directors;
- considered and proposed to the Board on the re-appointment of KPMG as the Company's external auditors;
- considered and approved the procedures and guidelines in employing the external auditors to perform non-audit assignments for the Company;
- received and reviewed the internal audit reports from the Internal Auditor;
- meeting with the external auditors in the absence of management to discuss any audit issues;
- meeting with the Internal Auditor in private to discuss on internal audit issues;
- approved the internal audit programme for 2005 – 2006; and
- carried out an annual review of the internal control system of the Company.

D Delegation by the Board

D.1 Management functions

Senior management, comprising assistant directors and senior managers, is responsible for the day-to-day operations and administration function of the Group under the leadership of the Executive Directors. The Board has given clear directions to management as to the matters that must be approved by the

表本公司作出決定。董事局授權高級管理人員可作出決定之事項包括：執行董事局決定之策略和方針、本集團之業務運作、準備財務報表及營運預算案、以及遵守適用之法律和法規。本公司將按時審閱此等安排，確保其適合本公司之所需。

D.2 董事局轄下的委員會

執行委員會、審核委員會和提名及薪酬委員會分別於一九八九年、一九九九年及二零零三年成立。有關審核委員會和提名及薪酬委員會之資料分別載於上文第C.3段及第B.1段。

執行委員會

本公司董事局之執行委員會乃於一九八九年成立，現有成員包括全部執行董事，分別為陳啟宗先生、袁偉良先生及吳士元先生。彼等定期舉行會議，藉以制定本公司之策略性方向及監察管理層之表現。董事局已採納清晰的職權範圍，每位委員會成員均完全清楚那些事項須交由董事局全體決定、那些事項可交由委員會或管理層負責。

E 與股東的溝通

E.1 有效溝通

本公司之週年大會為董事局與股東提供溝通良機。董事局及各委員會之主席一般均出席以解答股東提出之問題，而外聘核數師每年均會出席週年大會。週年大會通告及有關文件於大會舉行日期前最少二十一日寄予股東，而有關通告亦刊登於最少一份英文報章及一份中文報章、以及本公司之網頁。主席就每項獨立的事宜個別提出決議案。週年大會獲股東踴躍出席。在總數九名董事中，八名董事（包括董事局主席、審核委員會主席和提名及薪酬委員會主席）出席了去年度之週年大會。

倘持有不少於本公司百分之五已繳股本之股東提出要求（彼於提出要求當日擁有上述持股量及在本公司之股東大會上有相等之投票權），本公司董事須就此舉行股東特別大會。

倘股東有特別查詢或建議，可書面寄予本公司之註冊地址或電郵至本公司之網頁，致董事局或公司秘書。

Board before decisions are made on behalf of the Company. The types of decisions to be delegated by the Board to management include implementation of the strategy and direction determined by the Board, operation of the Group's businesses, preparation of financial statements and operating budgets, and compliance with applicable laws and regulations. These arrangements will be reviewed periodically to ensure that they remain appropriate to our needs.

D.2 Board Committees

The *Executive Committee*, *Audit Committee* and *Nomination and Remuneration Committee* were formed in 1989, 1999 and 2003 respectively. Information on Audit Committee and Nomination and Remuneration Committee can be found in paragraphs C.3 and B.1 above.

Executive Committee

The Executive Committee of the Board of Directors of the Company was formed in 1989. Its members are all the Executive Directors of the Company, namely, Mr Ronnie C. Chan, Mr Nelson W.L. Yuen and Mr Terry S. Ng, who meet regularly to establish the strategic direction of the Company, and to monitor the performance of management. Clear terms of reference have been adopted by the Board, and each of the Committee members has full understanding on determining which issues require a decision of the full Board and which are delegated by the Board to the Committee or management.

E Communication with Shareholders

E.1 Effective Communication

Our AGM provides a good opportunity for communication between the Board and the shareholders. Chairmen of the Board and Committees are normally present to answer queries raised by shareholders. External auditors also attend the AGM every year. Notice of the AGM and related papers are sent to shareholders at least 21 calendar days before the meeting and the said Notice is also published in at least one English newspaper and one Chinese newspaper, and on our website. Each separate issue is proposed by a separate resolution by the Chairman. The meeting is well participated by shareholders. Eight Directors (out of nine), including Chairman of the Board, Chairman of Audit Committee and Chairman of Nomination and Remuneration Committee attended last year's AGM.

On the requisition of our shareholders holding not less than 5% of our paid-up capital as at the date of the deposit of the requisition carrying the right of voting at our general meetings, our Directors shall forthwith proceed to convene an extraordinary general meeting.

Specific enquiries and suggestions by shareholders can be sent in writing to the Board or the Company Secretary at our registered address or by e-mail to our website.

E.2 以投票方式表決

本公司去屆週年大會於二零零五年十一月八日在本公司之註冊辦事處舉行。為召開二零零五年度週年大會而刊發之通告，已載列以投票方式表決的程序和權利。合共有九十三位股東親身或委派代表出席大會。會上，主席要求以投票方式表決每項決議案。股東採納了財務報表、通過董事及核數師之重選及連任、並再次給予一般授權令。所有於週年大會上提呈的決議案均以投票方式表決，投票表決結果於同日傍晚在本公司之網頁刊登，並於翌日在報章刊登。

本公司於來屆及未來之週年大會，將繼續以投票方式表決會上提呈的所有決議案。

董事局確定，將於二零零六年十一月九日舉行之來屆股東週年大會，不會提呈有關修改本公司之組織章程細則之決議案。下個財政年度與股東相關的重要日期，包括就宣布派發截至二零零七年六月三十日止年度之中期股息及末期股息而舉行的董事局會議的日期、以及週年大會日期，均會與本年度之有關日期相若，即分別約於二零零七年二月底、二零零七年八月底、以及二零零七年十一月舉行。

F 額外披露

F.1 核數師酬金

二零零五年度之週年大會上，股東批准再度委任畢馬威會計師事務所為本公司之外聘核數師，直至二零零六年度之週年大會為止。彼等之主要責任乃就年度綜合財務報表提供核數服務。

年內，付予外聘核數師法定核數服務之總酬金為港幣六百五十萬元。彼等亦提供稅務服務及顧問服務予本集團，該等酬金合共為港幣六十萬元。

F.2 操守守則

本公司自一九九四年起採納企業操守守則（「操守守則」），並不時更新，為員工列出包括下列事宜之清晰指引：

- 索取或收受利益；
- 提供利益；

E.2 Voting by poll

Our last AGM was held on 8 November 2005 ('2005 AGM') at our registered office. Notice convening the 2005 AGM detailed the procedures for and the rights of shareholders to demand a poll. The meeting was attended by 93 shareholders present in person or by proxy. At the meeting, the Chairman demanded a poll on each of the resolutions submitted for voting, and the shareholders adopted the financial statements, re-elected Directors, re-appointed auditors and renewed general mandate. All resolutions tabled at the 2005 AGM were voted on by poll, and the results of poll voting were posted on our website in the evening on the same day and published in the following day's newspapers.

We will continue our practice of voting by poll on all resolutions to be proposed at the forthcoming and future AGMs.

The Board confirms that there are no changes proposed to the articles of association of the Company at the forthcoming AGM to be held on 9 November 2006 ('2006 AGM'). The important shareholders' dates for the coming financial year, which include the Board Meetings for the declaration of interim and final dividends for the year ending 30 June 2007 and the AGM, are expected to be similar to this year's timing at around end February 2007, end August 2007 and in November 2007 respectively.

F Additional Disclosure

F.1 Auditors' remuneration

KPMG was re-appointed as our external auditor until the conclusion of the 2006 AGM by shareholders at the 2005 AGM. The firm is primarily responsible for providing audit services in connection with the annual consolidated financial statements.

During the year, the total remuneration in respect of statutory audit services provided by the external auditors amounted to HK\$6.5 million. They also provided taxation services and advisory services to the Group to the value of HK\$0.6 million.

F.2 Code of Conduct

We have adopted a Corporate code of conduct since 1994 ('the Code of Conduct') which is updated from time to time, setting out clear guidelines for employees on matters such as:

- soliciting or accepting advantages;
- offering advantages;

- 在另一個司法地區工作時遵守當地法規；
- 處理利益衝突；
- 處理保密資料/公司財產；
- 使用資訊和通訊系統；
- 遵守操守守則；及
- 買賣本公司股份。

操守守則亦就其他事宜列出指引，包括與供應商、承辦商、客戶及消費者之關係；對股東和財經界之責任；僱傭常規；以及對社會之責任。

為監察及貫徹操守守則之遵從，各部門經理負責確保其下屬充分瞭解及遵守該等準則和規定。違規之僱員會受到處分，包括被勒令離職。並會向廉政公署或其他有關機構舉報涉嫌貪污或其他罪行。倘任何董事查詢關於股東、潛在股東、客戶、消費者、供應商、承辦商及本公司之僱員所作出之投訴，執行董事須直接向該董事作出回答，以確保有關投訴獲公平及有效率之處理。

此外，所有高於界定職級的僱員均須每半年填寫並簽署「利益申報」，披露其直接或間接在本公司或其附屬公司或聯營公司持有之利益，以確保所有業務管理均按照最高的實務準則及企業管治準則進行。

F.3 透明度及披露

本公司致力向股東和投資者披露其業務之相關資料，除透過本公司之年報及中期報告外，亦定期與分析員會面、舉行記者會、發放新聞稿和電郵、以及在本公司網頁提供資料。股東、投資者、傳媒或公眾人士之所有查詢及建議，均由執行董事、公司秘書或適當之高級管理人員負責解答。

任何人士均可登上本公司之網頁查閱本公司之資料，包括董事局屬下各委員會的職權範圍，而有關指引亦可供索閱。除提供財務等傳統資料外，本公司之網頁亦提供本公司其他最新資料，包括可供出售物業、租賃物業、最新之已發行股本、主要股東之股份權益、公司大事紀要及經常提問之問題等。

- observing local laws when working in another jurisdiction;
- handling of conflict of interests situations;
- handling confidential information/company property;
- use of information and communication systems;
- compliance with the Code of Conduct; and
- transactions in the Company's shares.

The Code of Conduct also sets out guidelines on matters in relation to suppliers and contractors; customers and consumers; responsibilities to shareholders and the financial community; employment practices; and responsibilities to the community.

In order to monitor and enforce the compliance of the Code of Conduct, functional managers are responsible for ensuring their subordinates understand well and comply with the standards and requirements as stipulated. Any violation thereof will result in the employee being disciplined, including termination of employment. Suspected corruption or other forms of criminality will be reported to the Independent Commission Against Corruption or appropriate authorities. The Executive Directors will also answer directly to any Board member for impartial and efficient handling of complaints received from all shareholders and potential shareholders; customers and consumers; suppliers and contractors and our employees.

Also, all employees above a designated level are required to complete and sign a Statement of Interest bi-annually declaring their interest, directly or indirectly, with the Company and our subsidiaries and associated companies, so as to make sure that all operations are managed in accordance with the highest standards of practice and corporate governance.

F.3 Transparency and disclosure

We are committed to disclose relevant information on our activities to our shareholders and investors through regular analysts' briefings, press conferences and press releases, e-mails and our website, apart from our annual and interim reports. All inquiries and proposals received from shareholders, investors, media or the public are responded to by Executive Directors, the Company Secretary or appropriate members of senior management.

The Company's information including the terms of reference of Board Committees is also accessible to all via our website. Terms of reference of Board Committees are also available on request. Besides providing traditional financial data, our website also includes the most current information including properties available for sale and let, latest issued capital, updated substantial shareholders' interests in shares, major corporate events and frequently asked questions.