

本公司致力於切合實際之範圍內維持高水平之企業管治，以強調高透明度、問責性及獨立性為原則。本公司董事會（「董事會」）相信優良之企業管治對本公司之成功及提升股東價值至為重要。

### 企業管治常規守則

根據已於二零零五年一月一日生效之香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載之企業管治常規守則（「企業管治守則」），董事會已審閱本公司之企業管治常規，並已採納及改進多項程序及檔案，詳情載於本報告內。除下文解釋之若干已闡明原因之偏離行為外，於截至二零零六年十二月三十一日止年度，本公司已應用企業管治守則之原則及遵守適用之守則條文。董事會將至少每年檢討現有常規及於適當時候作出修定。

### 董事會

董事會目前共由六名董事組成，其中三名為執行董事及三名為獨立非執行董事（「獨立非執行董事」）。於本年度及截至本報告日期，董事會成員載列如下：

#### 執行董事：

黃清海（總裁及行政總裁）  
李志剛（副總裁）  
王萍（於二零零六年十月十六日委任）  
高成明（於二零零六年十月十六日辭任）

#### 非執行董事：

李兆忠（於二零零六年十月十六日辭任）

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The board of directors of the Company (the "Board") believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

### CODE ON CORPORATE GOVERNANCE PRACTICES

In the light of the Code on Corporate Governance Practices (the "CG Code") contained 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") which came into effect on 1st January, 2005, the Board has reviewed the corporate governance practices of the Company with the adoption and improvement of the various procedures and documentation which are detailed in this report. The Company has applied the principles of and complied with the applicable code provisions of the CG Code during the year ended 31st December, 2006, except for certain deviations as specified with considered reasons for such deviations as explained below. The Board will review the current practices at least annually and make appropriate changes if considered necessary.

### THE BOARD

The Board currently comprises six Directors in total, with three executive Directors and three Independent Non-Executive Directors ("INEDs"). The composition of the Board during the year and up to the date of this report is set out as follows:

#### Executive Directors:

Ng Qing Hai (President and Chief Executive Officer)  
Li Chi Kong (Vice-President)  
Iris Wong Ping (appointed on 16th October, 2006)  
Ko Sing Ming (resigned on 16th October, 2006)

#### Non-Executive Director:

Steven Lee Siu Chung (resigned on 16th October, 2006)



## 董事會(續)

### 獨立非執行董事：

陳靜  
金惠志  
李澤雄

董事之履歷詳情載於第19至22頁之「董事及高級行政人員履歷」一節內。

於年內，非執行董事(大部分為獨立非執行董事)為本集團提供廣泛之專業知識及經驗。彼等積極參與董事會及委員會會議，對本集團之策略、表現及管理程序之事宜提供獨立判斷，並顧及全體股東之利益。

於年間，本公司之三名獨立非執行董事佔董事會人數多於三分之一。根據上市規則第3.10條，至少一名獨立非執行董事必須具備適當之專業資格或會計或相關財務管理專業知識。董事會已接獲每名獨立非執行董事有關其獨立性之年度確認書，並認為所有獨立非執行董事均具備上市規則第3.13條所載之指引下之獨立性。

董事會定期召開會議，討論本集團之整體策略以及營運及財政表現，並審閱及批准本集團之全年及中期業績。於年內，已舉行四次董事會會議，各董事之出席情況如下：

## THE BOARD (Continued)

### INEDs:

Chen Ching  
Jin Hui Zhi  
Li Chak Hung

The brief biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" section on pages 19 to 22.

During the year, the Non-Executive Directors (a majority of whom are independent) provided the Group with a wide range of expertise and experience. Their active participation in the Board and committee meetings brings independent judgment on issues relating to the Group's strategy, performance and management process, taking into account the interests of all shareholders.

Throughout the year, the Company had three INEDs representing more than one-third of the Board. At least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Board has received from each INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, and to review and approve the Group's annual and interim results. During the year, four Board meetings were held and attendance of each Director at the Board meetings is set out as follows:



董事會(續)

THE BOARD (Continued)

出席／具資格出席  
董事會會議之次數  
Number of Board meetings  
attended/eligible to attend

執行董事：

黃清海 (總裁及行政總裁)  
李志剛 (副總裁)  
王萍 (於二零零六年十月十六日委任)  
高成明 (於二零零六年十月十六日辭任)

Executive Directors:

Ng Qing Hai (President and Chief Executive Officer) 4/4  
Li Chi Kong (Vice-President) 4/4  
Iris Wong Ping (appointed on 16th October, 2006) 1/1  
Ko Sing Ming (resigned on 16th October, 2006) 3/3

非執行董事：

李兆忠 (於二零零六年十月十六日辭任)

Non-Executive Director:

Steven Lee Siu Chung (resigned on 16th October, 2006) 3/3

獨立非執行董事：

陳靜  
金惠志  
李澤雄

INEDs:

Chen Ching 1/4  
Jin Hui Zhi 2/4  
Li Chak Hung 4/4

經董事會決定或考慮之事宜包括本集團整體策略、全年營運預算、全年及中期業績、董事委任或重新委任之建議、重大合約及交易，以及其他重要政策及財務等事宜。董事會已將日常職責委派予行政管理人員，並由執行委員會(其具有明確之書面職權範圍)指示／監督。董事會及本公司管理層之職能已分別確立並以書面列載，且已於二零零五年六月獲董事會批准。董事會將每年對上述職能作出檢討。

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, recommendations on Directors' appointment or re-appointment, material contracts and transactions as well as other significant policy and financial matters. The Board has delegated the day-to-day responsibility to the executive management under the instruction/supervision of the Executive Committee which has its specific written terms of reference. The respective functions of the Board and management of the Company have been formalised and set out in writing which was approved by the Board in June 2005. The Board will review the same once a year.



## 董事會(續)

每年之董事會會議預定為約每季及按業務需要而舉行。召開董事會會議一般會給予全體董事至少十四天之通知，以便彼等有機會提出商討事項列入會議議程。公司秘書協助主席編製會議議程，以及確保已遵守所有適用規則及規例。議程及隨附之董事會文件一般在舉行定期董事會會議(及就可行情況下亦適用於其他董事會會議)前至少三天發呈全體董事。每份董事會會議記錄之草稿於提交下次董事會會議審批前，先供全體董事傳閱並提供意見。所有會議記錄由公司秘書保存，並供任何董事於發出合理通知時，於任何合理時間內查閱。

根據現行董事會常規，與主要股東或董事存有利益衝突而董事會認為屬重大之任何交易，將由董事會於正式召集之董事會會議上處理。本公司細則亦規定，於批准董事或其任何聯繫人擁有重大利益之交易之會議上，該董事須放棄投票，且不得計入該會議之法定人數。

每位董事有權查閱董事會文件及相關資料，及可向公司秘書尋求意見及服務。董事會及各董事亦可個別及獨立地接觸本公司之高級行政人員。董事將獲持續提供上市規則及其他適用監管規定之最新發展之資料，以確保彼等遵守及秉持優秀企業管治常規。此外，書面程序已於二零零五年六月制定，讓各董事在履行彼等職務時，可在適當之情況下尋求獨立專業意見，有關合理費用由本公司承擔。

## THE BOARD (Continued)

Board meetings each year are scheduled to be held at approximately quarterly intervals and as required by business needs. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to current Board practice, any transaction which involves a conflict of interests for a substantial shareholder or a Director and which is considered by the Board to be material, will be dealt with by the Board at a duly convened Board meeting. The Bye-laws of the Company also stipulate that a Director should abstain from voting and not be counted in the quorum at meetings for approving transactions in which such Director or any of his associates have a materially interest therein.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the Company Secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, a written procedure was established in June 2005 to enable the Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

## 主席及行政總裁之角色

本公司現時並無在任主席。本公司之總裁兼行政總裁(「行政總裁」)黃清海先生負責本集團之業務營運，以及實踐本集團之策略以求達致整體業務之目標，並兼任主席之部分職務，此構成與企業管治守則之守則條文A.2.1所述主席與行政總裁之角色應有區分，並不應由同一人同時兼任兩職有所偏離。

為遵守此守則條文，本公司正考慮於本集團內部或以外物色一位具備領導才能、知識、技能及資歷之合適人選擔任董事會主席一職。主席與行政總裁之職能已以書面區分，並於二零零五年六月獲董事會批准。

## 董事之委任及重選

於二零零五年六月，董事會設立並採納一套以書面列載之提名程序(「提名程序」)，具體列明本公司董事候選人之挑選及推薦程序及準則。執行委員會應以提名程序所載之該等準則(如恰當資歷、個人專長及投放時間等)作為基礎向董事會物色及建議人選以予批准委任。

新董事在獲委任後將會取得一套入職資料文件，載有所有主要法律及上市規則規定，以及有關董事應遵守之責任及義務之指引。資料文件亦包括本公司最新公佈之財務報告及董事會採納之企業管治常規文件。高級管理人員其後將於有需要時提供說明，以為新董事提供本集團業務及活動之詳細資料。

## ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company does not at present have a Chairman. Mr. Ng Qing Hai, being the President and Chief Executive Officer (“CEO”) of the Company, is responsible for running the business of the Group and implementation of the Group’s strategy in achieving the overall commercial goals as well as part of the duties of Chairman which constitute a deviation from the code provision A.2.1 of the CG Code that the roles of chairman and CEO should be separate and should not be performed by the same individual.

To comply with this code provision, the Company is considering the appointment of a Chairman of the Board if a candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group. The division of responsibilities between the Chairman and CEO has been set out in writing and approved by the Board in June 2005.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

In June 2005, the Board established and adopted a written nomination procedure (the “Nomination Procedure”) specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Executive Committee shall, based on those criteria as set out in the Nomination Procedure (such as appropriate experience, personal skills and time commitment etc.), identify and recommend the proposed candidate to the Board for approval of an appointment.

New Directors, on appointment, will be given an induction package containing all key legal and Listing Rules’ requirements as well as guidelines on the responsibilities and obligations to be observed by a director. The package will also include the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. The senior management will subsequently conduct such briefing as is necessary to give the new Directors more detailed information on the Group’s businesses and activities.



## 董事之委任及重選 (續)

本公司每位非執行董事之委任具有指定任期，惟董事的離任或退任須受本公司細則之有關條文或其它適用法例所規限。每位非執行董事之該等任期於二零零六年十二月三十一日屆滿後已續期兩年。

根據本公司於二零零六年五月十一日前仍然有效之細則，於本公司每屆股東週年大會（「股東週年大會」）上，三分之一當時在任之董事（或，倘其人數並非三之倍數，則最接近但不超過三分之一之數目）須輪值退任，惟本公司董事會主席及／或董事總經理無須按此規定輪值退任。再者，任何填補臨時空缺而獲委任之董事或為董事會新增之成員僅可任職至下屆股東週年大會為止，屆時彼可膺選連任。為確保全面遵守企業管治守則之守則條文A.4.2，於二零零六年五月十一日舉行之本公司股東週年大會上已提呈並獲股東批准有關修訂本公司細則，以使(i)任何獲委任填補臨時空缺之董事應在委任後之首次股東大會上接受股東重選；及(ii)每名董事應至少每三年輪值退任一次。

## 董事委員會

董事會已成立各類委員會，包括薪酬委員會、審核委員會及執行委員會，各委員會均以書面具體列明其職權範圍。委員會之所有會議記錄及決議案由公司秘書保存，並提供副本予全體董事會成員傳閱，而各委員會需向董事會匯報其決定及建議（倘適用）。董事會會議之程序及安排（於上文第26頁「董事會」一節提述）按可行情況下亦已獲委員會會議所採納。

## APPOINTMENT AND RE-ELECTION OF DIRECTORS (Continued)

Each of the Non-Executive Directors of the Company was appointed for a specific term but subject to the relevant provisions of the Bye-laws of the Company or any other applicable laws whereby the Directors shall vacate or retire from their office. Such term for each of INED has been renewed for further two years upon expiry on 31st December, 2006.

According to the Bye-laws of the Company then in effect before 11th May, 2006, at each annual general meeting (the "AGM") 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) should retire from office by rotation, provided that the Chairman of the Board and/or the Managing Director of the Company should not be subject to retirement by rotation. Further, any Director appointed to fill a casual vacancy or as an addition to the Board should hold office only until the next following AGM and should then be eligible for re-election at that meeting. To ensure full compliance with the code provision A.4.2 of the CG Code, relevant amendments to the Bye-laws of the Company were proposed and approved by the shareholders at the AGM of the Company held on 11th May, 2006 so that (i) any Director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the Company's first general meeting after the appointment; and (ii) every Director shall be subject to retirement by rotation at least once every three years.

## BOARD COMMITTEES

The Board has established various committees, including a Remuneration Committee, an Audit Committee and an Executive Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations where appropriate. The procedures and arrangements for a Board meeting, as mentioned on page 26 in the section "The Board" above, have been adopted for the committee meetings so far as practicable.



## 董事委員會 (續)

### 薪酬委員會

薪酬委員會已於二零零五年六月成立及目前由三名成員組成，包括陳靜先生(主席)、金惠志先生及李澤雄先生，彼等均為獨立非執行董事。薪酬委員會獲提供充裕資源以履行其職務，並可按本公司政策在有需要時尋求獨立專業意見。

薪酬委員會之主要角色及職能為：

- (i) 檢討董事之薪酬政策及待遇並向董事會建議，及(倘適合)就有關其他執行董事薪酬之提案諮詢主席(如有)及／或行政總裁；
- (ii) 透過參照董事會不時批准之公司目標及宗旨，以檢討並建議按表現釐定之薪酬；
- (iii) 檢討並建議向執行董事支付與任何喪失或終止職務或委任有關之賠償；
- (iv) 檢討並建議因董事行為失當而解僱或罷免有關董事所涉及之賠償安排；及
- (v) 確保概無董事參與釐定其本身之薪酬。

## BOARD COMMITTEES (Continued)

### Remuneration Committee

The Remuneration Committee has been established since June 2005 and currently consists of three members, including Messrs. Chen Ching (Chairman), Jin Hui Zhi and Li Chak Hung, all of whom are INEDs. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

The major roles and functions of the Remuneration Committee are:

- (i) to review and recommend to the Board the remuneration policy and packages of the Directors and, where appropriate, to consult the Chairman (if any) and/or CEO about the committee's proposals relating to the remuneration of other Executive Directors;
- (ii) to review and recommend performance-based remuneration by reference to corporate goals and objectives approved by the Board from time to time;
- (iii) to review and recommend the compensation payable to Executive Directors relating to any loss or termination of their office or appointment;
- (iv) to review and recommend compensation arrangements relating to dismissal or removal of Directors for misconduct; and
- (v) to ensure that no Director is involved in deciding his own remuneration.



## 董事委員會(續)

### 薪酬委員會(續)

為遵守企業管治守則之守則條文B.1.3，本公司已於二零零五年六月採納薪酬委員會之職權範圍，惟就該守則條文在薪酬委員會須釐定上市公司所有執行董事及高級管理人員之特定薪酬待遇之職責方面有所偏離。董事會認為，本公司薪酬委員會僅會就執行董事(不包括高級管理人員)之薪酬待遇作出檢討(而非釐定)，並僅向董事會作出建議，理由如下：

- (i) 董事會認為薪酬委員會並不適宜評估高級管理人員之表現，而有關評估程序由執行董事執行將更為有效；
- (ii) 薪酬委員會成員僅由獨立非執行董事組成，彼等來自不同行業、具有不同背景，或會對本公司經營之行業並不完全熟悉，且並無參與公司之日常運作。彼等對業界慣例及薪酬待遇之標準亦可能無直接認識。故此，薪酬委員會並不適宜釐定執行董事之薪酬；
- (iii) 執行董事必須負責監管高級管理人員，因而須有權力操控彼等之薪酬；及
- (iv) 執行董事並無理由向高級管理人員支付高於業界標準之薪酬，而按此方法釐定薪酬待遇可減省支出，將有利於股東。

為全面遵守企業管治守則之守則條文B.1.4，薪酬委員會之職權範圍將按要求而公開，並於本公司網站成立後將資料上載。

## BOARD COMMITTEES (Continued)

### Remuneration Committee (Continued)

The terms of reference of the Remuneration Committee of the Company were adopted in June 2005 to comply with the code provision B.1.3 of the CG Code, but with a deviation from the code provision of the remuneration committee's responsibilities to determine the specific remuneration packages of all executive directors and senior management of a listed company. The Board considers that the Remuneration Committee of the Company should review (as opposed to determine) and make recommendations to the Board on the remuneration packages of Executive Directors only and not senior management for the following reasons:

- (i) the Board believes that the Remuneration Committee is not properly in a position to evaluate the performance of senior management and that this evaluation process is more effectively carried out by the Executive Directors;
- (ii) the Remuneration Committee members only consist of INEDs who may not be industry skilled and come from differing professions and backgrounds and they are not involved in the daily operation of the Company. They may have little direct knowledge of industry practice and standard compensation packages. The Remuneration Committee is thus not in a position to properly determine the remuneration of the Executive Directors;
- (iii) the Executive Directors must be in a position to supervise and control senior management and thus must be able to control their compensation; and
- (iv) there is no reason for Executive Directors to pay senior management more than industry standards and thus shareholders will benefit by reducing costs in the fixing of such compensation packages.

The terms of reference of the Remuneration Committee shall be made available to the public on request and by including the information on the Company's website once it is set up to ensure full compliance with the code provision B.1.4 of the CG Code.



## 董事委員會 (續)

### 薪酬委員會 (續)

薪酬委員會每年須至少召開一次會議。於二零零六年已舉行一次委員會會議，而各成員之出席情況如下：

委員會成員	Committee member	出席／具資格出席 委員會會議之次數 Number of Committee meeting attended/eligible to attend
陳靜 (主席)	Chen Ching (Chairman)	1/1
金惠志	Jin Hui Zhi	1/1
李澤雄	Li Chak Hung	1/1

除委員會會議外，薪酬委員會亦於二零零六年內透過傳閱文件方式處理事宜。於二零零六年內及截至本報告日期，薪酬委員會已履行之工作概述如下：

- (i) 檢討及建議董事會批准終止給予執行董事之津貼；
- (ii) 檢討及建議董事會批准本公司總裁及行政總裁黃清海先生之僱傭合約；
- (iii) 檢討及商議截至二零零六年十二月三十一日止年度全體執行董事及非執行董事 (包括獨立非執行董事) 之現有薪酬待遇，包括董事薪酬之現有政策及架構；及
- (iv) 檢討及建議董事會批准於二零零六年七月一日起至二零零六年十二月三十一日止期間，就獨立非執行董事擔任本公司審核委員會及薪酬委員會主席／成員建議支付之服務費。

## BOARD COMMITTEES (Continued)

### Remuneration Committee (Continued)

The Remuneration Committee shall meet at least once a year. One committee meeting was held in 2006 and the attendance of each member is set out as follows:

Committee member	出席／具資格出席 委員會會議之次數 Number of Committee meeting attended/eligible to attend
Chen Ching (Chairman)	1/1
Jin Hui Zhi	1/1
Li Chak Hung	1/1

Apart from the Committee meeting, the Remuneration Committee also dealt with matters by way of circulation during 2006. In 2006 and up to date of this report, the Remuneration Committee had performed the work summarised as below:


- (i) reviewed and recommended for the Board's approval regarding the termination of Executive Directors' allowances;
- (ii) reviewed and recommended for the Board's approval regarding the contract of employment of Mr. Ng Qing Hai, the President and CEO of the Company;
- (iii) reviewed and discussed the existing remuneration packages of all the Executive Directors and Non-Executive Directors (including the INEDs) for the year ended 31st December, 2006, including the existing policy and structure for the remuneration of Directors; and
- (iv) reviewed and recommended for the Board's approval regarding the proposed service fee to the INEDs acting as chairmen/members of the Audit and Remuneration Committees of the Company for the period from 1st July, 2006 to 31st December, 2006.



## 董事委員會(續)

### 薪酬委員會(續)

每名董事將有權獲取之董事袍金需於本公司每年股東週年大會上提呈予股東批准。就董事之額外職責及服務而應付予彼等之額外薪酬(包括任何應付獨立非執行董事之服務費)，將按彼等之僱傭或服務合約各自之合約條款而釐定，惟須經薪酬委員會建議及獲董事會批准。董事薪酬之詳情載於綜合財務報表附註8。本集團薪酬政策詳情亦已載於管理層討論與分析第18頁「僱員及薪酬政策」一節內。



根據本公司於二零零二年五月採納之購股權計劃(「該計劃」)，董事會於二零零六年十月已向當時既有購股權持有人提出按每份購股權作價港幣100元購入合共32份購股權(該等購股權賦予彼等權利可按固定行使價每股購股權股份港幣0.70元之價格認購合共19,500,000股購股權股份)。因此，本公司已於二零零六年十一月二十九日向當時之購股權持有人購回共31份購股權，並最終合共註銷18,000,000股購股權股份。該計劃及授予本公司若干董事之購股權之變動詳情載於董事會報告第43頁及綜合財務報表附註27。

### 審核委員會

審核委員會自二零零一年八月成立，目前由三名獨立非執行董事組成。為保持獨立性及客觀性，審核委員會由一名具備合適專業資格或會計或相關財務管理專業知識之獨立非執行董事擔任主席。審核委員會之現有成員為李澤雄先生(主席)、陳靜先生及金惠志先生。審核委員會獲提供充裕資源以履行其職務，並可按本公司之政策在有需要時尋求獨立專業意見。

## BOARD COMMITTEES (Continued)

### Remuneration Committee (Continued)

Each Director will be entitled to a Director's fee which is to be proposed for the shareholders' approval at the AGM of the Company each year. Further remuneration payable to Directors (including any service fees to the INEDs) for their additional responsibilities and services will depend on their respective contractual terms under their employment or service contracts as approved by the Board on the recommendation of the Remuneration Committee. Details of the Directors' remuneration are set out in note 8 to the consolidated financial statements. Details of the remuneration policy of the Group are also set out in the "Employees and Remuneration Policies" section in the Management Discussion and Analysis on page 18.

For the share option scheme (the "Scheme") adopted by the Company in May 2002, the Board has made an offer in October 2006 to the then existing option holders to purchase a total of 32 options (with the right to subscribe for a total of 19,500,000 option shares at a fixed exercise price of HK\$0.70 per option share) at a consideration of HK\$100 per option. As a result, the Company purchased a total of 31 options from the then existing option holders and subsequently cancelled a total of 18,000,000 option shares on 29th November, 2006. Details of the Scheme and movement of the share options granted to certain Directors of the Company are set out in the Directors' Report on page 43 and note 27 to the consolidated financial statements.

### Audit Committee

The Audit Committee has been established since August 2001 and currently consists of three INEDs. To retain independence and objectivity, the Audit Committee has been chaired by an INED (with appropriate professional qualifications or accounting or related financial management expertise). The current members of the Audit Committee are Messrs. Li Chak Hung (Chairman), Chen Ching and Jin Hui Zhi. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

## 董事委員會 (續)

### 審核委員會 (續)

審核委員會之主要角色及職能為：

- (i) 考慮外聘核數師之委任、重新委任及罷免，並向董事會提供建議，以及批准外聘核數師之薪酬及聘用條款，並處理任何有關該等核數師辭任或辭退該核數師之問題；
- (ii) 考慮及與外聘核數師討論每年核數之性質及範疇；
- (iii) 檢討及監察外聘核數師之獨立性及客觀性；
- (iv) 於中期及全年綜合財務報表提交董事會前先行審議；
- (v) 商議就中期審閱及年終審核而產生之任何問題及保留事項，以及外聘核數師擬商討之任何事宜；
- (vi) 審閱外聘核數師致管理層之函件及管理層之回應；
- (vii) 檢討本集團之財務監控、內部監控及風險管理制度；及
- (viii) 考慮董事會授予內部監控事項之主要調查之任何發現以及管理層之回應。

為遵守企業管治守則之守則條文C.3.3，本公司審核委員會之職權範圍已於二零零五年六月作出修訂，惟就該守則條文在審核委員會之職責方面有所偏離：

- (i) 執行委聘外聘核數師提供非核數服務之政策；
- (ii) 確保管理層已履行其職責建立有效之內部監控系統；及

## BOARD COMMITTEES (Continued)

### Audit Committee (Continued)

The major roles and functions of the Audit Committee are:

- (i) to consider and recommend to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of those auditors;
- (ii) to consider and discuss with the external auditors the nature and scope of each year's audit;
- (iii) to review and monitor the external auditors' independence and objectivity;
- (iv) to review the interim and annual consolidated financial statements before submission to the Board;
- (v) to discuss any problems and reservation arising from the interim review and final audit, and any matters the external auditors may wish to discuss;
- (vi) to review the external auditors' management letters and management's response;
- (vii) to review the Group's financial controls, internal control and risk management systems; and
- (viii) to consider any findings of major investigations of internal control matters as delegated by the Board and management's response.

The terms of reference of the Audit Committee of the Company were revised in June 2005 to comply with the code provision C.3.3 of the CG Code, but with the deviations from the code provision of the audit committee's responsibility to:

- (i) implement policy on the engagement of the external auditors to supply non-audit services;
- (ii) ensure the management has discharged its duty to have an effective internal control system; and



## 董事委員會(續)

### 審核委員會(續)

- (iii) 確保內部與外聘核數師之工作得到協調，也須確保內部核數功能在上市公司內部獲得足夠資源運作，並且有適當之地位。

董事會認為本公司審核委員會應就委聘外聘核數師提供非核數服務之政策作出建議(而非執行)，理由如下：

- (i) 由董事會及其下設之委員會制定政策及作出合適之建議乃屬恰當及合適；
- (ii) 由執行董事及管理層執行該政策及建議乃屬恰當及合適之機制；及
- (iii) 獨立非執行董事並不適宜執行日常之政策及跟進工作。

此外，董事會認為審核委員會僅具備監察(而非確保)管理層已履行其職責建立有效之內部監控系統之有效能力。由於上述事宜涉及日常監控及僱用全職專家，因此審核委員會並沒有確保上述事宜獲得執行之能力。審核委員會並非確保內部和外聘核數師之工作得到協調之人選，惟其可推動上述事宜。同樣，審核委員會不可確保內部核數功能獲得足夠資源運作，惟可檢閱其是否獲得足夠資源運作。

為全面遵守企業管治守則之守則條文C.3.4，審核委員會經修訂之職權範圍將按要求而公開，並於本公司網站成立後將資料上載。

## BOARD COMMITTEES (Continued)

### Audit Committee (Continued)

- (iii) ensure coordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the listed company.

The Board considers that the Audit Committee of the Company should recommend (as opposed to implement) the policy on the engagement of the external auditors to supply non-audit services for the following reasons:

- (i) it is proper, and appropriate for the Board and its committees to develop policy and make appropriate recommendations;
- (ii) the proper and appropriate mechanism for implementation of such policy and recommendations is through the Executive Directors and management; and
- (iii) INEDs are not in an effective position to implement policy and follow up the same on a day-to-day basis.

Further, the Board considers that the Audit Committee of the Company only possesses the effective ability to scrutinise (as opposed to ensure) whether management has discharged its duty to have an effective internal control system. The Committee is not equipped to ensure that the same is in place as this would involve day-to-day supervision and the employment of permanent experts. The Audit Committee is not in a position either to ensure coordination between the internal and external auditors but it can promote the same. Similarly, the Committee cannot ensure that the internal audit function is adequately resourced but it can check whether it is adequately resourced.

The revised terms of reference of the Audit Committee shall be made available to the public on request and by including the information on the Company's website once it is set up to ensure full compliance with the code provision C.3.4 of the CG Code.



## 董事委員會 (續)

### 審核委員會 (續)

審核委員會每年須至少召開兩次會議。於二零零六年已舉行三次委員會會議，而各成員之出席情況如下：

委員會成員	Committee member	出席／具資格出席 委員會會議之次數 Number of Committee meetings attended/eligible to attend
李澤雄 (主席)	Li Chak Hung (Chairman)	3/3
陳靜	Chen Ching	1/3
金惠志	Jin Hui Zhi	1/3
李兆忠 (於二零零六年十月十六日辭任)	Steven Lee Siu Chung (resigned on 16th October, 2006)	3/3

除委員會會議外，審核委員會亦於二零零六年內透過傳閱文件方式處理事宜。於二零零六年內及截至本報告日期，審核委員會已履行之工作概述如下：

- (i) 審閱及批准外聘核數師建議之本集團截至二零零五年十二月三十一日止年度之年終審核 (「二零零五年年終審核」) 及截至二零零六年六月三十日止六個月之中期業績審閱 (「二零零六年中期審閱」) 之核數範圍及費用；
- (ii) 審閱外聘核數師之二零零五年年終審核結果之報告，以及就截至二零零五年十二月三十一日止年度取得聯交所授予豁免之關連交易之核數師報告；
- (iii) 審閱外聘核數師就二零零六年中期審閱之獨立審閱報告；
- (iv) 審閱截至二零零五年十二月三十一日止年度及截至二零零六年六月三十日止六個月之財務報告，並建議董事會予以批准；

## BOARD COMMITTEES (Continued)

### Audit Committee (Continued)

The Audit Committee shall meet at least twice a year. Three committee meetings were held in 2006 and the attendance of each member is set out as follows:

Committee member	出席／具資格出席 委員會會議之次數 Number of Committee meetings attended/eligible to attend
Li Chak Hung (Chairman)	3/3
Chen Ching	1/3
Jin Hui Zhi	1/3
Steven Lee Siu Chung (resigned on 16th October, 2006)	3/3

Apart from the Committee meetings, the Audit Committee also dealt with matters by way of circulation during 2006. In 2006 and up to the date of this report, the Audit Committee had performed the work summarised as below:

- (i) reviewed and approved the audit scope and fees proposed by the external auditors in respect of the final audit of the Group for the year ended 31st December, 2005 (the "2005 Final Audit") and for the interim results review for the six months ended 30th June, 2006 (the "2006 Interim Review");
- (ii) reviewed the external auditors' report of findings in relation to the 2005 Final Audit and the auditors' report of the connected transactions for the year ended 31st December, 2005 where waivers had been granted by the Stock Exchange;
- (iii) reviewed the external auditors' independent review report in relation to the 2006 Interim Review;
- (iv) reviewed the financial reports for the year ended 31st December, 2005 and for the six months ended 30th June, 2006 and recommended the same to the Board for approval;



## 董事委員會(續)

### 審核委員會(續)

- (v) 審閱本集團之企業管治常規守則——內部監控(守則條文C.2)之報告及有關內部監控文件；
- (vi) 審閱及批准由獨立風險評估顧問公司德勤華永會計師事務所有限公司(「德勤華永」)就本集團一間位於中國大陸之主要經營附屬公司之收入流程之內部監控及程序進行檢討之建議範疇及費用；及
- (vii) 審閱德勤華永及內部審核小組所編製之內部監控評估報告；並確保所提出之事項獲得儘快處置及處理。



### 執行委員會

執行委員會自二零零四年十二月成立，目前由三名執行董事組成，包括黃清海先生(主席)、李志剛先生及王萍女士。執行委員會獲授予董事會所獲授予關於本集團業務之所有一般管理及控制權，惟根據執行委員會之書面職權範圍須留待董事會決定及批准之該等事項除外。

執行委員會定期舉行會議，以討論本集團之營運業務，亦可透過傳閱文件方式處理事宜。其主要負責處理及監察日常管理事宜，並獲授權：

- (i) 制定及執行有關本集團之商業活動、內部監控及行政政策；及
- (ii) 在董事會確定之本集團整體策略範圍內，規劃及決定就本集團商業活動將予採納之策略。

## BOARD COMMITTEES (Continued)

### Audit Committee (Continued)

- (v) reviewed the Report on Code on Corporate Governance Practices – Internal Controls (Code Provision C.2) and the relevant internal control documentation of the Group;
- (vi) reviewed and approved the scope and fees proposed by Deloitte Touche Tohmatsu CPA Ltd. (“Deloitte CPA”), an independent risk assurance consulting firm, to perform the review of the internal controls and procedures of the revenue process of a major operating subsidiary of the Group in the PRC; and
- (vii) reviewed the internal controls assessment report performed by Deloitte CPA and internal audit team; and ensured that the issues raised were addressed and managed promptly.

### Executive Committee

The Executive Committee has been established since December 2004 and currently consists of three Executive Directors, being Mr. Ng Qing Hai (Chairman), Mr. Li Chi Kong and Ms. Iris Wong Ping. The Executive Committee is vested with all the general powers of management and control of the activities of the Group as are vested in the Board, save for those matters which are reserved for the Board’s decision and approval pursuant to the written terms of reference of the Executive Committee.

The Executive Committee meets periodically to discuss the operating affairs of the Group and may also deal with matters by way of circulation. It is mainly responsible for undertaking and supervising the day-to-day management and is empowered:

- (i) to formulate and implement policies for the business activities, internal control and administration of the Group; and
- (ii) to plan and decide on strategies to be adopted for the business activities of the Group within the overall strategy of the Group as determined by the Board.



## 董事及相關僱員進行證券交易之守則

本公司已採納上市規則附錄十所載之《上市發行人董事進行證券交易的標準守則》(「標準守則」)作為有關董事進行證券交易之行為守則。經本公司作出特定查詢後，全體董事已確認彼等已遵守標準守則所載之規定之標準。

為遵守企業管治守則之守則條文A.5.4，本公司亦已於二零零五年六月採納標準守則，藉此對本公司及其附屬公司之若干僱員(彼等被視為可能知悉有關本公司或其證券之未刊發及價格敏感資料)就本公司之證券買賣作出規管。

## 問責及核數

### 財務匯報

於財務部之協助下，董事確認彼等編製本集團綜合財務報表之責任。於編製截至二零零六年十二月三十一日止年度之綜合財務報表時，本公司已採納香港公認會計原則，並遵守香港會計師公會頒佈之香港財務報告準則(其亦包括香港會計準則及詮釋)之規定及香港公司條例之披露規定。本公司亦已貫徹應用適合之會計政策。

本公司外聘核數師德勤•關黃陳方會計師行之匯報責任載於獨立核數師報告第52至54頁。

## CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code.

To comply with the code provisions A.5.4 of the CG Code, the Company has also adopted in June 2005 the Model Code, to regulate dealings in the securities of the Company by certain employees of the Company or its subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company or its securities.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Directors acknowledge their responsibility for preparing, with the support from the finance department, the consolidated financial statements of the Group. In preparing the consolidated financial statements for the year ended 31st December, 2006, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance were complied with. Appropriate accounting policies have also been applied consistently.

The reporting responsibilities of the Company's external auditors, Messrs. Deloitte Touche Tohmatsu, are set out in the Independent Auditor's Report on pages 52 to 54.



## 問責及核數(續)

### 內部監控

內部監控制度旨在使本集團保持正常營運以達致其業績、盈利目標及整體使命。內部監控之直接目標為合理保證本集團達致議定宗旨及目標。其對達致業務目標至為重要之風險管理具有重要作用。董事會負責檢討本集團內部監控制度之有效性，並確保該等監控措施穩妥有效，以隨時保障股東之投資及本集團之資產。

本集團委聘德勤華永對若干主要業務過程進行內部監控評估，並指出本集團截至二零零六年十二月三十一日止年度之主要風險。該評估報告已提交審核委員會審閱。報告內提出之事項已獲得及時之關注及處理。獨立審核乃董事會加強本集團之整體企業管治及遵守企業管治守則之守則條文C.2之計劃之一部分。

### 外聘核數師之酬金

於年內，已付／應付本公司外聘核數師德勤•關黃陳方會計師行之酬金載列如下：

向本集團提供之服務	Services rendered for the Group	已付／應付費用 Fee paid/payable 港幣千元 HK\$'000
核數服務	Audit services	1,130
非核數服務(包括審閱中期業績、為持續關連交易及初步業績公佈所進行的議定程序)	Non-audit services (including review of interim results, agreed-upon procedures for continuing connected transactions and preliminary announcement of results)	285
合計：	Total:	<u>1,415</u>

## ACCOUNTABILITY AND AUDIT (Continued)

### Internal Control

The purpose of the internal control systems is to keep the Group on course towards achieving its performance and profitability goals and its overall mission. The immediate aim of internal control is to help to provide a reasonable level of assurance that the Group will meet the agreed objectives and goals. It has a key role in the management of risks that are significant to the fulfilment of business objectives. It is the Board's responsibility to review the effectiveness of the Group's internal control systems and ensure that the controls are sound and effective to safeguard the shareholders' investment and the Group's assets at all times.

Deloitte CPA was engaged by the Group to perform an internal control assessment for certain major business processes and address the Group's key risks for the year ended 31st December, 2006. The assessment report was distributed to the Audit Committee for their review. The issues raised in the report have been addressed and managed promptly. The independent review is part of the Board's plan to enhance the standards of the Group's overall corporate governance and comply with the code provisions, C.2 of the CG Code.

### External Auditors' Remuneration

During the year, the remuneration paid/payable to the Company's external auditors, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

## 與股東之溝通

董事會瞭解與股東保持良好聯繫之重要性。有關本集團之資料乃透過多種正式途徑適時向股東傳達，包括中期報告及年報、公佈及通函。

本公司股東週年大會乃董事會直接與股東聯繫之寶貴機會。主席於股東週年大會上積極回應股東之任何查詢。審核委員會及薪酬委員會主席，或在該等委員會主席缺席時由各自委員會之另一名委員於股東週年大會上回答提問。主席就每項於股東週年大會上審議之議題提呈個別之決議案。股東週年大會之通函於股東週年大會舉行最少二十一天前發送予全體股東，通函載列每項擬提呈決議案之詳情、投票程序(包括要求以投票方式進行表決之程序)及其他相關資料。主席於股東週年大會開始時，會再次解釋要求以投票方式進行表決之程序，及(要求以投票方式表決者除外)宣佈就每項決議案已接獲委任代表之贊成及反對之票數。

## 提升企業管治水平

提升企業管治水平並非只為應用及遵守聯交所之企業管治守則，乃為推動及建立道德與健全之企業文化為依歸。吾等將不斷檢討並按經驗、監管變動及發展，於適當時候改善現行常規。本公司亦歡迎股東提供任何意見及建議以提高及改善本公司之透明度。

代表董事會  
行政總裁  
黃青海

香港，二零零七年三月二十二日

## COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars.

The Company's AGM is a valuable forum for the Board to communicate directly with the shareholders. The Chairman actively participates in the AGM and personally chairs the meeting to answer any questions from the shareholders. The chairmen of the Audit Committee and Remuneration Committee or in their absence, another member of the respective committees, are also available to answer questions at the AGM. A separate resolution is proposed by the Chairman in respect of each issue to be considered at the AGM. An AGM circular is distributed to all shareholders at least 21 days prior to the AGM, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. The Chairman explains the procedures for demanding and conducting a poll again at the beginning of the AGM, and (except where a poll is demanded) reveals how many proxies for and against have been received in respect of each resolution.

## CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code of the Stock Exchange but about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our shareholders to promote and improve our transparency are also welcome.

On behalf of the Board  
Ng Qing Hai  
Chief Executive Officer

Hong Kong, 22nd March, 2007

