

Report of Corporate Governance 企業管治報告

The Group remains committed to maintain a good standard of corporate governance and the Board considers the maintenance of effective corporate governance practices an essential factor for the Group's ongoing success and in enhancing shareholders' value.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the mandatory provisions of the Code on Corporate Governance Practices (the "Code") under appendix 14 of the Listing Rules. In the opinion of the Board, the Company has complied with the Code throughout the year ended 31 December 2006. The Board will continue to review and monitor its practices from time to time to ensure compliance with the Code as well as to maintain and improve on them.

The Corporate governance practices adopted by the Group are summarized below:

(a) Directors' Securities Transactions

The Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") in Appendix 10 of the Listing Rules has been adopted as the code on directors' securities transaction for the Company. After having made specific enquiry with all the Directors, each of them confirms that he/she has complied in full with the Model Code for the year ended 31 December 2006.

(b) Board of Directors

During the year in review, the Board was composed of six members comprising the Chairman, Deputy Chairman, Chief Executive Officer ("CEO") and three Independent Non-executive Directors. As at the date of this report, the board comprises two Executive Directors and four Independent Non-executive Directors. Their biographical details are set out on pages 13 to 14 of the Annual Report.

The Board is mainly responsible for overseeing the management of the business affairs, the overall strategic planning and development and reviewing financial and internal control systems and financial performance of the Group. Each Director has access to and had been given timely information for consideration of the businesses of the Group.

本集團一直致力維持高水平之企業管治標準，而董事會認為，維持有效企業管治常規乃本集團持續成功及提升股東價值之重要因素。

企業管治常規守則

本公司已採納上市規則附錄14企業管治常規守則（「守則」）之必備條款。董事會認為，本公司於截至二零零六年十二月三十一日止年度一直遵守守則。董事會將繼續審閱及不時監察其運作，以確保遵守守則以及維持及改進守則。

本集團所採納企業管治常規概述如下：

(a) 董事之證券交易

本公司已採納上市規則附錄10上市公司董事進行證券交易的標準守則（「標準守則」），作為本公司董事進行證券交易之守則。經向全體董事作出具體查詢後，各董事確認，彼於截至二零零六年十二月三十一日止年度一直全面遵守標準守則。

(b) 董事會

於回顧年內，董事會由六名成員組成，包括主席、副主席、行政總裁及三名獨立非執行董事。於本報告日期，董事會由兩名執行董事及四名獨立非執行董事組成。彼等之履歷詳情載於本年報第13至第14頁。

董事會主要職責為監督業務管理、整體策略規劃及發展以及檢討本集團財務及內部監控制度以及財務表現。各董事可取得並適時獲發資料以便考慮本集團業務情況。

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(b) **Board of Directors (continued)**
The attendance of each of the Directors is set out in the following –

(b) **董事會 (續)**
各董事之出席率如下：

Directors 董事	No. of meetings attended/held 出席／舉行會議次數		
	Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會
Executive Directors 執行董事			
Chan Tze Ngon (<i>Chairman</i>) 陳子昂 (主席)	40/40	-	-
Wu Emmy (<i>Deputy Chairman</i>) 吳安敏 (副主席)	30/40	2/2	1/1
Tang Kin Hung (<i>Chief Executive Officer</i>) 鄧健洪 (行政總裁)	21/40	-	1/1
Independent Non-executive Directors 獨立非執行董事			
Lo Siew Kiong, John O.B.E., JP 羅肇強 O.B.E., 太平紳士	2/2	1/1	-
Tai Benedict 戴並達	12/12	2/2	-
Fu Yan Yan 傅欣欣	21/40	2/3	2/2
Wang Xi Ling 王希玲	20/40	3/3	2/2

The Board met 40 times in total for the year ended 31 December 2006 of which four were regular meetings and two out of the four regular meetings were full Board meetings approving the interim and annual results of the Group. The Board has also met to discuss material transactions made during the year and conducted reviews of the effectiveness of the financial and internal control systems of the Group.

Appropriate director and officer liability insurance cover has been arranged in respect of legal actions against the directors.

截至二零零六年十二月三十一日止年度，董事會合共舉行40次會議，當中四次為例行會議，四次例行會議當中兩次為全體董事會會議，會上批准本集團之中期及年度業績。董事會亦曾舉行會議以討論年內進行之重大交易，以及檢討本集團財務及內部監控制度之有效性。

本公司已就向董事採取之法律行動作出合適之董事及高級職員責任保險安排。

(c) **Chairman and chief executive officer**
Under the Code provision A.2.1, the roles of the Chairman and Chief Executive Director (“CEO”) should be separate and should not be performed by the same individual. Throughout the year ended 31 December 2006, the posts of Chairman and CEO were separately held by Mr. Chan Tze Ngon and Mr. Tang Kin Hung respectively.

(c) **主席及行政總裁**
根據守則條文第A.2.1條，主席及行政總裁之角色應分開，不應由一人同時擔任。於截至二零零六年十二月三十一日止年度，主席及行政總裁職務分別由陳子昂先生及鄧健洪先生出任。

(c) Chairman and chief executive officer (continued)

As at the date of this report, the roles of Chairman and CEO are both performed by Mr. Tse Michael Nam. The Board considers Mr. Tse's experience and knowledge crucial for the operation of its new business venture and direction of the Group in the near future. The Board does not believe that the current situation will impair the balance of power and authority between the Group and the management and does not currently propose to separate the functions.

(d) Independent Non-executive Directors

In compliance with Rule 3.10(1) and (2), the Company has appointed three Independent Non-executive Directors who have come from diverse and professional backgrounds with one having professional accounting qualification for the year ended 31 December 2006. As at the date of this report, the Company has appointed an additional Independent Non-executive Director who is also a professionally qualified accountant.

The Independent Non-executive Directors were appointed for a term of not more than two years from the date of their appointment or re-election by Shareholders. Upon every expiry of their term, the appointment would be renewed for a term of not more than two years. Each of the Non-executive Directors is subject to retirement by rotation and re-election by Shareholders. The Company has received from each of the Independent Non-executive Directors annual confirmations as to their independence and considers them to be sufficiently independent.

(e) Remuneration Committee

A remuneration committee with specific written terms of reference explaining its role and authority has been established in June 2005.

The remuneration committee is responsible for ensuring formal and transparent procedures for developing remuneration policies and overseeing the remuneration packages of the Executive Directors and senior management and would make recommendations to the Board in respect of the same. In fulfilling its functions, the remuneration committee would take into consideration factors such as salaries paid by comparable companies, respective time commitment and responsibilities of the Directors and senior management and whether the remuneration packages are competitively attractive to retain the Executive Directors and senior management.

(c) 主席及行政總裁 (續)

於本報告日期，主席及行政總裁職務均由謝南洋先生擔任。董事會認為，謝先生之經驗及知識對本集團新業務營運及短期方針極其關鍵。董事會不相信現時情況將會損害本集團與管理層之間權力及職權制衡，目前不建議將職能分開。

(d) 獨立非執行董事

為遵守第3.10(1)及(2)條之規定，截至二零零六年十二月三十一日止年度，本公司已委任三名具備不同專業背景之人士出任獨立非執行董事，其中一名具備專業會計資格。於本報告日期，本公司已委任一名額外獨立非執行董事，該名董事亦為專業合資格會計師。

獨立非執行董事之任期自彼等獲委任或獲股東重選起計不超過兩年。於彼等之任期屆滿後，任期將重續不超過兩年。各非執行董事須輪值退任並由股東重選連任。至於各獨立非執行董事之獨立身分，本公司已接獲彼等之年度確認，並認為彼等獨立身分符合規定水平。

(e) 薪酬委員會

本公司於二零零五年六月成立薪酬委員會，並列明其特定書面職權範圍，闡釋其職務及職權。

薪酬委員會負責確保沿用正式及具透明度之程序制定薪酬政策、監督執行董事及高級管理人員薪酬待遇以及就此向董事會作出建議。於履行其職能時，薪酬委員會將考慮可比較公司所付薪金、董事及高級管理人員付出之時間及責任以及薪酬待遇是否具競爭力吸引執行董事及高級管理人員留任等因素。

(e) Remuneration Committee (continued)

For the year ended 31 December 2006, the remuneration committee comprised 3 members, a majority of which were Independent Non-executive Directors. As at the date of this report, the Remuneration committee comprises three Independent Non-executive Directors.

The remuneration committee would meet twice a year and it has met in June and November for the year ended 31 December 2006.

(f) Nomination Committee

The Company did not establish a nomination committee. The Board considers that the appointing and removing of Directors are the collective decision of the Board and thus does not intend to adopt the recommended best practice under Code A.4.4 to set up a nomination committee.

(g) Audit Committee

The audit committee was established in June 1999 with clear terms of reference. The primary duties of the audit committee include making recommendations to the Board on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, and reviewing the financial information and accounting policies of the Group as well as overseeing the Company's financial and internal control systems.

The composition of the audit committee as at the date of this report is as follows: Ms. Wang Xi Ling, Mr. Fu Yan Yan and Mr. Benedict Tai. All members of the audit committee are Independent Non-executive Directors.

The audit committee has unrestricted access to the auditors of the Company, senior members and employees of the Group and may obtain outside legal or other independent professional opinion. The audit committee is also authorised to investigate any activity within its terms of reference.

The audit committee has met three times for the year ended 31 December 2006 for reviewing the annual and interim results and the auditing and financial matters, reviewing and discussing the accounting principles and practices adopted by the Company, and the reviewing of the financial and internal control systems of the Company.

(e) 薪酬委員會 (續)

截至二零零六年十二月三十一日止年度，薪酬委員會由三名成員組成，大部分為獨立非執行董事。於本報告日期，薪酬委員會由三名獨立非執行董事組成。

薪酬委員會每年舉行兩次會議，截至二零零六年十二月三十一日止年度，薪酬委員會已分別於六月及十一月舉行會議。

(f) 提名委員會

本公司並無成立提名委員會。董事會認為，董事之委任及罷免須由董事會集體決定，因此，董事會不擬採納守則第A.4.4條項下建議最佳常規成立提名委員會。

(g) 審核委員會

本公司於一九九九年六月成立審核委員會，並清楚列明其職權範圍。審核委員會之主要職責包括就委任、續聘及罷免外聘核數師向董事會作出建議、批准委聘外聘核數師之酬金及條款、按照適用準則審閱及監察外聘核數師之獨立及客觀身分以及審核程序之效益，並審閱本集團財務資料及會計政策以及監督本公司財務及內部監控制度。

於本報告日期，審核委員會成員如下：王希玲女士、傅欣欣先生及戴並達先生。全體審核委員會成員均為獨立非執行董事。

審核委員會可隨時聯絡本公司核數師、本集團高級職員及僱員，並可取得外界法律或其他獨立專業意見。審核委員會亦獲授權於其職權範圍內調查任何活動。

截至二零零六年十二月三十一日止年度，審核委員會曾舉行三次會議，以審閱年度及中期業績以及處理審核及財務事宜、檢討及討論本公司採納之會計政策及慣例以及審閱本公司財務及內部監控制度。

(h) Auditors' remuneration

Nature of work 工作性質	Amount 金額
Very Substantial Disposal, Very Substantial Acquisition 非常重大出售、非常重大收購	820,000
Audit Fee 審核費用	850,000

(i) Internal Control

The Board acknowledges that it is responsible for ensuring that a sound and effective internal control system is maintained within the Group so as to safeguard the Group's assets and its Shareholders' investments at all times. Pursuant to the provision 2.5 of the Code, the Board reviewed the need for an internal audit function and considered it appropriate to outsource the function.

Accordingly, Lawrence CPA Limited was engaged in December 2006 to carry out an internal audit review of the Company and its subsidiaries for the financial year ended 31 December 2006 to enable the Company to discharge its annual review responsibilities pursuant to various provisions of the Code. The review covered the financial, operational and compliance controls and risk management functions of the Group.

Lawrence CPA Limited completed its internal audit review and concluded satisfactorily that the internal control systems of the Group including financial reporting, operational and compliance controls and risk management process are effective in safeguarding the assets of the Group.

(j) Directors' responsibility for the financial statements

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are prepared in accordance with the statutory requirements and applicable accounting standards. It is also the responsibility of the Directors to ensure the timely publication of the financial statements of the Group.

The statement of the external auditors of the Company Lawrence CPA Limited on their reporting responsibilities in respect of the financial statements of the Group is set out on pages 29 and 30.

The Directors confirm that, to their best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

(h) 核數師酬金

(i) 內部監控

董事會知悉，其須負責確保於本集團內維持良好有效之內部監控制度，以隨時保障本集團資產及其股東之投資。董事會根據守則條文第2.5條檢討是否需要內部審核職能，並認為將該職能外判屬恰當。

因此，本公司於二零零六年十二月委聘富勤會計師有限公司，就截至二零零六年十二月三十一日止財政年度對本公司及其附屬公司進行內部審核審閱，以使本公司按照守則各項條文履行其年度審閱責任。審閱範圍包括本集團財務、營運及合規監控以及風險管理職能。

富勤會計師有限公司已完成內部審核審閱，得出滿意之結論，認為本集團之內部監控制度（包括財務報告、營運及合規監控以及風險管理程序）可有效保障本集團資產。

(j) 董事對財務報表之責任

董事知悉，彼等須負責編製本集團之財務報表，並確保財務報表乃根據法定規定及適用會計準則編製。董事亦須確保本集團之財務報表能如期刊發。

本公司外聘核數師富勤會計師有限公司就其對本集團財務報表申報責任之聲明載於第29及30頁。

董事確認，據彼等經作出一切合理查詢後所深知、全悉及確信，彼等並不知悉任何與本公司持續經營能力構成重大疑慮之事件或情況有關之任何重大不明朗因素。