

# Corporate Governance Report

## 企業管治報告

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2006.

The Company wishes to highlight the importance of its Board of Directors ("Board") in ensuring effective leadership and control of the Company and transparency and accountability of all operations.

The Company recognises the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs.

The Company's corporate governance practices are based on the principles ("Principles"), code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules").

Throughout the year, the Company has complied with most of the Code Provisions save for certain deviations from the Code Provisions in respect of Code Provisions A.1.1, A.2.1, A.4.1 and E.1.2, details of which will be explained below.

The Company periodically reviews its organisational structure to ensure that operations are conducted in accordance with the standards of the CG Code.

董事會欣然於本集團截至二零零六年十二月三十一日止年度之年報提呈其企業管治報告。

本公司謹此表明，董事會（「董事會」）確保本公司有效領導及監控以及所有營運之透明度及問責性之重要性。

本公司明瞭良好企業管治對本公司穩健發展之重要性，已努力確立及制定符合本公司需要之企業管治常規。

本公司之企業管治常規乃以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14所載企業管治常規守則（「企業管治常規守則」）當中原則（「原則」）、守則條文（「守則條文」）為基礎。

除若干事宜偏離守則條文第A.1.1、A.2.1、A.4.1及E.1.2條外，於本年度內，本公司一直遵守大部分守則條文，詳情於下文闡釋。

本公司定期檢討其組織架構，確保業務運作符合企業管治常規守則之準則。

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The key corporate governance principles and practices of the Company are summarised as follows:

### THE BOARD Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company.

The Board reserves for its decisions all major matters of the Company which include the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has the full support of the senior management to discharge its responsibilities.

本公司主要企業管治原則及常規概述如下：

### 董事會 職責

本公司業務整體管理賦予董事會負責，董事會承擔領導及監控本公司之責任，並透過指導及監管事務，集體負責促進本公司之成就。全體董事均客觀就本公司利益作出決定。

董事會保留就本公司所有重要事項作出決策之權力，包括批准及監控所有政策、整體策略及預算、內部監控及風險管理制度、重大交易（特別是或涉及利益衝突者）、財務資料、委任董事及其他重大財務與營運事宜。

全體董事可全面及時取得所有相關資料以及獲取公司秘書之意見及服務，以確保董事會會議程序及所有適用規則及規例獲得遵守。

各董事一般可於合適情況下，經向董事會提出要求，徵求獨立專業意見，而費用由本公司承擔。

本公司日常管理、行政及營運授權予高級管理層負責。獲指派之職能及工作會定期檢討。上述任何高級職員訂立任何重大交易前，須獲得董事會批准。

董事會履行職責時可獲得高級管理層全面支援。

### Composition

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Company and to the exercising of independent judgement.

The Board currently comprises nine members, consisting of six executive directors and three independent non-executive directors.

The Board of the Company comprises the following directors:

#### *Executive directors:*

Cheung Yuk Fung (*Chairman*)

Kui Man Chun

Xu Wensheng

Li Wenjin

Chan Yiu Kwong

Xu Chang Jun

#### *Independent non-executive directors:*

Tam Chun Fai (*Chairman of Audit Committee*)

Leung Wai Man, Roger (*Member of Audit Committee*)

Xu Sitao (*Member of Audit Committee*)

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

None of the directors of the Company had any relationship among the members of the Board of the Company.

During the year ended 31 December 2006, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

### 組成

董事會之組成確保在技巧和經驗方面取得平衡，適合本公司業務所需及行使獨立判斷。

董事會現由9名成員組成，包括6名執行董事及3名獨立非執行董事。

本公司董事會由以下董事組成：

#### *執行董事：*

張玉峰（主席）

渠萬春

徐文生

李文晉

陳耀光

徐昌軍

#### *獨立非執行董事：*

譚振輝（審核委員會主席）

梁偉民（審核委員會成員）

許思濤（審核委員會成員）

上列董事（按類別計）亦於本公司根據上市規則不時發出之所有企業通訊披露。

概無本公司董事與本公司董事會成員有任何關連。

截至二零零六年十二月三十一日止年度，董事會一直遵守上市規則有關委任最少三名獨立非執行董事而其中最少一名獨立非執行董事須具備合適專業資歷或會計或相關財務管理專業知識之規定。

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The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The independent non-executive directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. By taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive directors make various contributions to the effective direction of the Company.

### **Appointment and Succession Planning of Directors**

The Company has established formal, considered and transparent procedures for the appointment and succession planning of directors.

Each of the non-executive director of the Company is subject to retirement by rotation once every three years.

#### *Deviation from Code Provision A.4.1 (& reasons):*

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Although the independent non-executive directors are not appointed for a specific term, all directors of the Company are subject to retirement by rotation once every three years and any new director appointed to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment pursuant to the Company's Bye-laws.

本公司已接獲各獨立非執行董事根據上市規則規定所作出有關其獨立身分之年度確認書。本公司認為，根據上市規則所載獨立身分指引，全體獨立非執行董事均屬獨立人士。

獨立非執行董事為董事會帶來廣泛商業及財務專業知識、經驗及獨立判斷。全體獨立非執行董事透過主導處理涉及潛在利益衝突事宜及參與董事會委員會，對本公司有效方針作出各方面貢獻。

### **董事委任及繼任規劃**

本公司已訂立正式經考慮且具透明度之董事委任及繼任規劃程序。

本公司各非執行董事須最少三年輪值告退一次。

#### *偏離守則條文第A.4.1條(及原因)：*

守則條文第A.4.1條訂明非執行董事須按特定任期委任，並膺選連任。

儘管獨立非執行董事並非按特定任期委任，本公司全體董事均須每三年輪值告退一次，而任何就填補臨時空缺委任之新任董事，須根據本公司之公司細則，於獲委任後首個股東大會由股東重選。

### Training for Directors

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company. Besides, the Company shall consider to engage external legal and other professional advisors for providing professional development and training programmes to directors on an occasional basis.

### Board Meetings

*Deviation from Code Provision A.1.1 (& reason):*

Code Provision A.1.1 stipulates that the Company should hold at least four regular Board meetings a year at approximately quarterly intervals with active participation of majority of directors, either in person or through other electronic means of communication.

Regular Board meetings were held twice during the year for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. The Company does not announce its quarterly results and hence not consider the holding of quarterly meeting as necessary.

### Number of Meetings and Directors' Attendance

The Board met twice during the year ended 31 December 2006 for approving the final results for the year ended 31 December 2005 and interim results for the six months ended 30 June 2006. Besides, the Board held one special meeting and nineteen non-regular meetings during the year ended 31 December 2006.

### 董事培訓

各新委任董事於最初獲委任時獲得就職介紹，確保彼恰當瞭解本公司業務及運作。此外，本公司將考慮委聘外聘法律及其他專業顧問，以按非經常性質，向董事提供專業發展及培訓計劃。

### 董事會會議

*偏離守則條文第A.1.1條(及原因):*

守則條文第A.1.1條訂明本公司須每年最少舉行四次常規董事會會議，約為每季舉行一次，而大部分董事均應積極參與，包括親身出席或透過電子通訊方式參與。

年內曾舉行兩次常規董事會會議，審閱及批准財務及營運表現，並考慮及批准本公司整體策略及政策。本公司並無公布季度業績，故認為毋須舉行季度會議。

### 會議次數及董事出席情況

董事會於截至二零零六年十二月三十一日止年度曾舉行兩次會議，批准截至二零零五年十二月三十一日止年度全年業績及截至二零零六年六月三十日止六個月中期業績。此外，董事會於截至二零零六年十二月三十一日止年度曾舉行一次特別會議及十九次非常規會議。

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The individual attendance record of each director at the meetings of the Board and Audit Committee during the year ended 31 December 2006 is set out below:

各董事於截至二零零六年十二月三十一日止年度出席董事會會議及審核委員會會議之個別記錄載列如下：

Name of Directors	董事姓名	Attendance/ Number of Audit Committee Meetings 審核委員會會議 出席/舉行 次數	Attendance/ Number of Regular Meeting 常規會議 出席/舉行 次數	Attendance/ Number of Special Meeting* 特別會議 出席/舉行 次數*	Attendance/ Number of Non-regular Meetings 非常規會議 出席/舉行 次數
Cheung Yuk Fung	張玉峰	N/A 不適用	1/2	0/1	Note 2 附註2
Kui Man Chun	渠萬春	N/A 不適用	1/2	0/1	13/19
Xu Wensheng	徐文生	N/A 不適用	1/2	1/1	14/19
Li Wenjin	李文晉	N/A 不適用	2/2	1/1	19/19
Chan Yiu Kwong	陳耀光	N/A 不適用	2/2	1/1	19/19
Xu Chang Jun	徐昌軍	N/A 不適用	1/2	1/1	14/19
Tam Chun Fai	譚振輝	2/2	2/2	1/1	Note 2 附註2
Leung Wai Man, Roger	梁偉民	2/2	2/2	1/1	Note 2 附註2
Xu Sitao	許思濤	2/2	2/2	1/1	Note 2 附註2
Lo Siu Yu (Note 1)	羅韶宇 (附註 1)	N/A 不適用	2/2	0/1	8/19
Zhou Jian (Note 1)	周健 (附註 1)	N/A 不適用	0/2	0/1	Note 2 附註2
Liu Yangsheng, Charles (Note 1)	劉揚聲 (附註 1)	N/A 不適用	Note 1 附註 1	Note 1 附註 1	Note 2 附註2

\* During the year, a special meeting was held to approve a discloseable and connected transaction, for which an independent board committee was established for this meeting.

\* 年內之特別會議乃旨在批准一項須予披露及關連交易而召開，故此會議成立獨立董事委員會。

### Notes:

1. Mr. Lo Siu Yu, Mr. Zhou Jian and Mr. Liu Yangsheng, Charles have resigned as directors of the Company on 18 October 2006, 20 November 2006 and 17 April 2006, respectively.
2. The Directors have not attended the non-regular meetings, the purpose of which were mainly to deal with implementation of policies and administrative routine.

### 附註：

1. 羅韶宇先生、周健先生及劉揚聲先生分別於二零零六年十月十八日、二零零六年十一月二十日及二零零六年四月十七日辭任本公司董事。
2. 該等董事並無出席非常規會議，非常規會議主要處理政策推行及日常行政。

### Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Qualified Accountant and Company Secretary attend all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-laws also contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

### 會議常規及程序

週年會議時間表及每次會議議程草擬本一般預先發給董事。

常規董事會會議通告最少於會議日期前十四天發給全體董事。其他董事會及委員會會議，則一般給予合理通知。

董事會文件連同所有合適、完整及可靠資料，最少於各董事會會議及委員會會議前三天交全體董事，致令董事知悉本公司最新發展及財務狀況，以便作出知情決定。董事會及各董事亦可於有需要時個別及獨立接觸高級管理人員。

合資格會計師及公司秘書出席所有常規董事會會議及於有需要時出席其他董事會會議及委員會會議，就業務發展、財務及會計事宜、法定守章、企業管治及本公司其他重大事宜提供意見。

公司秘書負責於所有董事會會議及委員會會議作出會議記錄並加以存管。會議記錄草擬本一般於各會議後合理時間內，交董事傳閱，作出意見，而最終會議記錄可供董事查閱。

根據現行董事會常規，任何涉及主要股東或董事利益衝突之重大交易，須經由董事會於正式召開之董事會會議考慮及處理。本公司之公司細則亦載有要求董事就批准該董事或彼任何聯繫人士擁有重大權益之交易之會議放棄表決及不計入法定人數內。

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### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

*Deviation from Code Provision A.2.1 (& reason):*

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Cheung Yuk Fung is the Chairman and five of the other executive directors who are also members of the senior management share the role of the Chief Executive Officer.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the Company Secretary and the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings, and that all key and appropriate issues are discussed by the Board in a timely manner.

The role of the Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He/She is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

The Board considers that due to the scale of operations of the Group and the daily operations of the Group's business are delegated to the senior management and department heads, the appointment of a Chief Executive Officer is not necessary.

### BOARD COMMITTEES

The Board has established three committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and are available to shareholders upon request.

### 主席及行政總裁

*偏離守則條文第A.2.1條(及原因):*

守則條文第A.2.1條訂明主席及行政總裁之角色應加以劃分,不應由同一人擔任。

張玉峰先生為主席,而行政總裁之職務由五名亦為高級管理人員之其他執行董事分擔。

主席領導及對董事會根據良好企業管治常規有效運作負責。在公司秘書及高級管理人員之支援下,主席亦負責確保董事適時獲得充份、完整及可靠資料,並獲適當簡介董事會會議事宜,而所有主要及合適事務均由董事會適時討論。

行政總裁之職務集中於推行董事會批准及授權之目標、政策及策略。彼負責本公司日常管理及營運。行政總裁亦負責拓展策略計劃以及制定組織架構、監控制度及內部監控程序及董事會審批程序。

董事會認為,鑑於集團業務規模及日常營運授權予高級管理人員及部門主管負責,故無需要委任行政總裁。

### 董事會委員會

董事會下設三個委員會:提名委員會、薪酬委員會及審核委員會,以掌管本公司特定事務。本公司所有董事會委員會均設有明確職權範圍,於本公司網站刊載,亦可供股東索閱。



The majority of the members of each Board committees are independent non-executive directors and the list of the chairman and members of each Board committee as at the date of this report is set out below:

### **Audit Committee**

Tam Chun Fai (*Chairman*)  
Leung Wai Man, Roger  
Xu Sitao

### **Nomination Committee**

Leung Wai Man, Roger (*Chairman*)  
Tam Chun Fai  
Chan Yiu Kwong

### **Remuneration Committee**

Tam Chun Fai (*Chairman*)  
Leung Wai Man, Roger  
Li Wenjin

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

### **Nomination Committee**

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessment of the independence of the independent non-executive directors.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

各董事會委員會大部分成員均為獨立非執行董事，而於本報告日期，各董事會委員會主席及成員名單如下：

### **審核委員會**

譚振輝 (*主席*)  
梁偉民  
許思濤

### **提名委員會**

梁偉民 (*主席*)  
譚振輝  
陳耀光

### **薪酬委員會**

譚振輝 (*主席*)  
梁偉民  
李文晉

董事會委員會獲提供充足資源履行職責及可於適當情況下，合理要求徵求獨立專業意見，費用由本公司承擔。

### **提名委員會**

提名委員會之主要職責包括審閱董事會組成、制定有關董事提名及委任程序以及就董事委任及繼任規劃向董事會作出意見，並評估獨立非執行董事之獨立身分。

提名委員會負責就技能、經驗、專業知識、個人誠信及投入時間以及本公司需要及其他相關法定規則及規例，甄選及推薦候任董事人選。有需要時或會委任外界招聘代理進行招聘及甄選程序。

# Corporate Governance Report

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The Nomination Committee is also responsible for reviewing the structure, size and composition of the Board to ensure that it had a balance of expertise, skills and experience appropriate to the requirements of the business of the Group for the year under review.

In accordance with the Company's Bye-laws 87(1) and 87(2), Mr. Xu Wensheng and Mr. Li Wenjin, executive directors of the Company, and Mr. Xu Sitao, independent non-executive director of the Company, shall retire by rotation and being eligible, offer themselves for re-election at the 2007 annual general meeting.

The Board recommended the re-appointment of the directors standing for re-election at the 2007 annual general meeting of the Company.

The Company's circular dated 27 April 2007 contains detailed information of the directors standing for re-election.

### Remuneration Committee

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the directors and the senior management and other related matters. The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman and/or the Board of the Company about these recommendations on remuneration policy and structure and remuneration packages.

提名委員會亦須負責審閱董事會之架構、規模及組成，以確保具備就本集團回顧年內業務需要而言屬恰當之均衡專業知識、技能及經驗。

根據本公司之公司細則第87(1)及87(2)條，本公司執行董事徐文生先生及李文晉先生以及本公司獨立非執行董事許思濤先生將輪值告退，惟符合資格並願意於二零零七年股東週年大會膺選連任。

董事會推薦重選於本公司二零零七年股東週年大會膺選連任之董事。

本公司日期為二零零七年四月二十七日之通函載有膺選連任董事詳細資料。

### 薪酬委員會

薪酬委員會主要職責包括就董事及高級管理人員薪酬政策及結構與薪酬待遇作出推薦意見及加以批准。薪酬委員會亦負責制定該等薪酬政策及結構之具透明度程序，確保並無董事或彼任何聯繫人士參與釐定本身薪酬，而薪酬將參考個人及公司表現以及市場常規及情況後釐定。

薪酬委員會一般就審閱薪酬政策及結構以及釐定董事及高級管理人員年度薪酬待遇與其他相關事務舉行會議。人力資源部門負責收集及管理人力資源數據，並向薪酬委員會作出意見，以供其考慮。薪酬委員會須就該等薪酬政策及結構與薪酬待遇意見諮詢主席及／或本公司董事會。

### Audit Committee

The Audit Committee comprises three independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing independent auditors.

The main duties of the Audit Committee include the following:

- (a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or independent auditors before submission to the Board.
- (b) To review the relationship with the independent auditors by reference to the work performed by the independent auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of independent auditors.
- (c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held two meetings during the year ended 31 December 2006 to review the financial results and reports, financial reporting and compliance procedures, internal control system and risk management review and processes and the re-appointment of the independent auditors.

There is no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no different view taken by the Audit Committee from the Board regarding the selection, appointment, resignation or dismissal of independent auditors.

The Company's annual results for the year ended 31 December 2006 has been reviewed by the Audit Committee.

### 審核委員會

審核委員會由三名獨立非執行董事組成，當中包括一名具備合適專業資歷或會計或相關財務管理專業知識之獨立非執行董事。審核委員會全體成員均非本公司現任獨立核數師之前合夥人。

審核委員會之主要職責包括：

- (a) 審閱財務報表及報告，並於提交董事會前，考慮合資格會計師及獨立核數師提出之任何重大或不尋常項目。
- (b) 參考獨立核數師所進行工作、費用及聘用條款，檢討與獨立核數師之關係，並就委任、續聘及罷免獨立核數師向董事會提出意見。
- (c) 審閱本公司財務報告制度、內部監控制度、風險管理制度及相關程序是否充份及具備效益。

審核委員會於截至二零零六年十二月三十一日止年度曾舉行兩次會議，審閱財務業績及報告、財務報告及守章程序、內部監控制度及風險管理審閱與程序以及續聘獨立核數師。

並無有關或會對本公司按持續基準經營之能力產生重大疑問之事件或情況。

審核委員會就獨立核數師甄選、委任、辭任或罷免所持意見與董事會無異。

本公司截至二零零六年十二月三十一日止年度業績已經由審核委員會審閱。

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## 企業管治報告

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry had been made to all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2006.

The Company has also established written guidelines with exact terms as set out in Appendix 10 to the Listing Rules for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

### RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2006.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 61.

### INTERNAL CONTROL

For the internal control system of the Company, the Board has developed the Group's systems of internal control and risk assessment and management. The Board has overall responsibility for reviewing and maintaining an adequate and effective internal control system to safeguard the interests of the shareholders and the assets of the Group. During the year, the Board has conducted reviews of the internal control system and considered the internal control system of the Group has been implemented effectively.

### 證券交易的標準守則

本公司已採納上市規則附錄10所載上市發行人董事進行證券交易的標準守則（「標準守則」）。

經向全體董事作出具體查詢後，董事已確認彼等於截至二零零六年十二月三十一日止年度一直符合標準守則。

本公司已制定可能取得本公司未公佈股價敏感資料之僱員進行證券交易之書面指引，該等指引與上市規則附錄10所載條款相同。

### 有關財務報表之責任

董事會須負責提呈年報及中期報告的均衡、清晰及易於理解評估、上市規則與其他監管規則所規定的股價敏感公佈及其他披露資料。

董事明瞭彼等編製本公司截至二零零六年十二月三十一日止年度財務報表之責任。

本公司獨立核數師有關彼等申報財務報表責任之聲明載於第61頁「獨立核數師報告」。

### 內部監控

董事會就本公司內部監控制度制定本集團的內部監控及風險評估及管理制，董事會對檢討及維持足夠及有效的內部監控措施負有全面責任，以保障股東利益及本集團資產。年內，董事會曾檢討其內部監控制度，並認為本集團之內部監控制度一直行之有效。

### AUDITOR'S REMUNERATION

The independent auditor has rendered certain non-audit services to the Company for the year ended 31 December 2006. The remuneration paid to the independent auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2006 amounted to approximately of HK\$1.8 million and HK\$0.1 million, respectively.

### SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-laws. Details of such rights to demand a poll and the poll procedures are included in all circulars to shareholders and will be explained during the proceedings of meetings.

Poll results will be published in newspapers on the business day following the shareholders' meeting and posted on the website of the Stock Exchange.

#### *Deviation from Code Provision E.1.2 (& reason):*

Code provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. The Chairman did not attend the annual general meeting held on 23 May 2006, however, Mr. Li Wenjin, as an executive director of the Company, took the chair pursuant to the Bye-laws of the Company.

The Board recognises that the general meetings of the Company provide a forum for communication between the shareholders and the Board. The Chairman of the Board, or at his absence, an executive director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the independent Board committee, will be available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

### 核數師酬金

獨立核數師曾於截至二零零六年十二月三十一日止年度向本公司提供若干非核數服務。就截至二零零六年十二月三十一日止年度之核數及非核數服務，本公司向獨立核數師支付之酬金分別約1,800,000港元及100,000港元。

### 股東權利及投資者關係

股東權利及在股東大會要求按股數投票表決之程序，載於本公司之公司細則。要求按股數投票表決權利及程序詳情，載於致各股東之所有通函，並將於會上講解。

按股數投票表決結果將於股東大會後之營業日，在報章及聯交所網站刊載。

#### *偏離守則條文第E.1.2條(及原因):*

守則條文第E.1.2條訂明董事會主席須出席股東週年大會，而主席並未出席於二零零六年五月二十三日舉行之股東週年大會，然而，本公司執行董事李文晉先生則根據本公司之公司細則出席會議並擔任主席。

董事會確認，本公司股東大會提供股東與董事會溝通之平台。董事會主席或(倘彼未能出席)本公司執行董事以及提名委員會、薪酬委員會及審核委員會與(如適用)獨立董事委員會主席或(倘彼等未能出席)各委員會成員，將出席日後股東會議，回答提問。

須於股東大會就各重大事項提呈獨立決議案，包括選舉個別董事。

# Corporate Governance Report

## 企業管治報告

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

To promote effective communication, the Company maintains a website at [www.hisun.com.hk](http://www.hisun.com.hk), where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are posted.

On behalf of the Board

**Cheung Yuk Fung**  
*Chairman*

Hong Kong, 17 April 2007

本公司繼續加強與投資者之溝通及關係。指定高級管理人員與機構投資者及分析員經常聯繫，以簡報本公司發展。投資者查詢均盡快處理以提供有用資料。

為促進有效溝通，本公司設有網站 [www.hisun.com.hk](http://www.hisun.com.hk)，刊載本公司業務發展及營運、財務資料、企業管治常規之廣泛及最新資料與其他資料。

代表董事會

主席  
**張玉峰**

香港，二零零七年四月十七日