

The Company is committed to achieving the highest standard of corporate governance level by adhering to the principles of corporate governance emphasising on independence, accountability, responsibility and fairness. The Directors believe that good corporate governance is an essential element in steering the growth and management of the business of the Group.

The Board and the management understand that it is their responsibility to establish and strictly comply with a good corporate management system and practice so as to improve the transparency of the Company, protect the interest of shareholders and create values for shareholders.

The following is a summary of our improvement in corporate management in accordance with the Code of Corporate Governance Practices:

Code on Corporate Governance Practices

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the year 2006.

Board of Directors

As at 31 December 2006, the Board of Directors of the Company comprises 14 directors, including 8 executive directors namely Messrs. HU Aimin (Chairman), ZHANG Yijun (President), ZHAO Gesheng, XIAO Rihai, LIANG Kaiping, LIU Weijin, ZHANG Huaqiao and TAM Ping Lung (Messrs. ZHAO Gesheng, XIAO Rihai, LIU Weijin, ZHANG Huaqiao and TAM Ping Lung were appointed as executive directors on 11 May 2006. Messrs. XU Ruxin and ZHU Huoyang resigned as executive directors on 11 May 2006 and Ms. ZHAO Mingfeng resigned as executive director on 7 September 2006), 3 independent non-executive directors namely Messrs. WONG Po Yan, LI Wai Keung and WU Wai Chung, Michael and 3 non-executive directors namely Messrs. LEE Yip Wah, Peter, HU Zuoyuan and Dr. WU Jiesi (appointed as non-executive director on 11 May 2006).

In accordance with the Listing Rules, each independent non-executive director has issued written confirmation of their independence to the Group.

本公司致力達到最高的企業管治水平，遵循獨立、問責、負責和公平的公司管理原則。董事會相信良好的公司管治對領導本集團業務的發展和管理十分重要。

董事會及管理層明白其有責任制定良好的企業管理架構及守則，並嚴格執行，以改進公司的透明度，保障股東的權益及為股東創造價值。

以下是本公司依企業管治常規，改善公司治理的概述：

企業管治常規守則

本公司在二零零六年度均遵守《香港聯合交易所有限公司證券上市規則》（以下稱「上市規則」）附錄14所載之有關《企業管治常規守則》（「守則」）的守則條文。

董事會

截至二零零六年十二月三十一日止，本公司董事會由十四位董事組成：其中八位執行董事，包括胡愛民先生（主席）、張宜均先生（總裁）、趙革生先生、肖日海先生、梁開平先生、劉偉進先生、張化橋先生及談秉農先生（其中：趙革生先生、肖日海先生、劉偉進先生、張化橋先生及談秉農先生於二零零六年五月十一日獲委任為執行董事，原執行董事徐汝心先生及朱火養先生於二零零六年五月十一日辭任執行董事，趙明豐女士於二零零六年九月七日辭任執行董事）。三位獨立非執行董事是黃保欣先生、李偉強先生及吳偉聰先生。另三位非執行董事是李業華先生、胡作元先生及武捷思博士（於二零零六年五月十一日獲委任為非執行董事）。

按照上市規則規定，每一位獨立非執董事均發出確認書，確認其獨立於本集團。

The Board holds board meetings regularly. In 2006, ten regular board meetings were held. The attendance of directors is as follows:

董事會定期召開董事會，於二零零六年舉行了十次常規董事會會議，董事出席情況如下。

Name 姓名		Attendance 出席率
Mr. HU Aimin (Chairman)	胡愛民先生(董事長)	10/10
Mr. ZHANG Yijun (President)	張宜均先生(行政總裁)	10/10
Mr. ZHAO Gesheng (appointed as executive director on 11 May 2006)	趙革生先生 (二零零六年五月十一日獲委任為執行董事)	4/5
Mr. XIAO Rihai (appointed as executive director on 11 May 2006)	肖日海先生 (二零零六年五月十一日獲委任為執行董事)	4/5
Mr. LIANG Kaiping	梁開平先生	8/10
Mr. LIU Weijin (appointed as executive director on 11 May 2006)	劉偉進先生 (二零零六年五月十一日獲委任為執行董事)	5/5
Mr. ZHANG Huaqiao (appointed as executive director on 11 May 2006)	張化橋先生 (二零零六年五月十一日獲委任為執行董事)	5/5
Mr. TAM Ping Lung (appointed as executive director on 11 May 2006)	談秉農先生 (二零零六年五月十一日獲委任為執行董事)	5/5
Mr. XU Ruxin (resigned on 11 May 2006)	徐汝心先生(二零零六年五月十一日辭任)	5/5
Mr. ZHU Huoyang (resigned on 11 May 2006)	朱火養先生(二零零六年五月十一日辭任)	4/5
Ms. ZHAO Mingfeng (resigned on 7 September 2006)	趙明豐女士 (二零零六年九月七日辭任)	5/5
Mr. WONG Po Yan	黃保欣先生	7/7
Mr. LI Wai Keung	李偉強先生	7/7
Mr. WU Wai Chung, Michael	吳偉聰先生	5/7
Mr. LEE Yip Wah, Peter	李業華先生	7/7
Dr. WU Jiesi (appointed as non-executive director on 11 May 2006)	武捷思博士 (二零零六年五月十一日獲委任為非執行董事)	5/5
Mr. HU Zuoyuan	胡作元先生	10/10

Note: In 2006, there were changes to members of the Board. The number of persons attending the meetings was determined on a case-by-case basis. Three of the meetings were internal board meetings for which independent non-executive directors and non-executive directors were not invited.

註：二零零六年度內，董事成員發生變化，其間，出席會議的人數因需要而定。其中有三次是內部董事會議，獨立非執行董事和非執行董事無被邀出席。

Under the guidance of the Chairman, the Board is responsible for the approval and overseeing of the Company's overall strategies and policies, the approval of annual budget and business development plan, assessment of the performance of the Company and supervision of the management. The management is responsible for the successful implementation and execution of business strategies and policies.

董事會在董事會主席的領導下，負責批准和監察公司的整體策略和政策，批准年度預算和業務發展計劃，評估公司表現和監督管理層的工作事務，公司管理層負責各項經營策略和政策的落實和執行，確保各項工作順利進行和完成。

All directors are subject to re-election at the next general meeting (if they are appointed to fill casual vacancies) or at the next annual general meeting (if they are appointed as additional directors). The proposed appointment of director will be submitted to the Board for approval to ensure that the person to be appointed has the necessary leadership skill so as to maintain and enhance the competitiveness of the Company.

Model Code

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (“Model Code”) in January 2005 as the code of conduct of the Company regarding securities transactions by directors. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code regarding directors’ securities transactions throughout the year. In addition, the Board has adopted provisions of the Model Code as written guidelines for relevant employees (as defined in provision A.5.4 in Schedule 14) in respect of their dealings in the securities of the Company. Such relevant employees shall abide by the provisions of the Model Code.

The Board has established two committees, namely **Audit Committee** and **Remuneration Committee**, mainly to monitor relevant matters of the Group.

Chairman and President

Chairman and President of the Board are two clearly separate posts and are held by Mr. HU Aimin and Mr. ZHANG Yijun respectively.

Chairman is responsible for guiding and supervising of the operation of the Board and conducting board meetings in an effective manner to ensure the Board is acting for the best interest of the Company.

所有董事獲委任後須於下一次股東大會（如屬填補空缺）或下屆股東週年大會（如屬增加董事會名額）上應選連任。建議之董事人選會被提交董事會審批，旨在委任具領導才能的人士為董事，以保持和提升本公司競爭力。

標準守則

董事會於二零零五年一月採納《上市公司董事進行證券交易的標準守則》（以下簡稱「標準守則」）作為公司有關董事進行證券交易的紀律守則。在向所有董事作出特定查詢後，全體董事確認，彼等於年度內一直遵守標準守則所訂有關董事進行證券交易的標準，此外，董事會採納標準守則的條文作為有關僱員（按附錄十四守則條文A.5.4所界定）買賣本公司證券的書面指引，該等有關僱員須遵守標準守則的規定。

董事會成立兩個委員會，分別為**審核委員會**及**薪酬委員會**，主要為監察本集團在有關方面的事務。

主席與董事行政總裁

董事會主席與董事行政總裁分別為胡愛民先生和張宜均先生擔任，為兩個明確劃分的不同職位。

主席負責領導與監管董事會的運作，有效地規劃董事會會議，確保董事會以符合公司最佳利益的方式行事。

President is responsible for the management of the Company's business, formulation and implementation of corporate policies and is accountable to the Board in relation to the overall operation of the Company. The President and other executive directors work together with each core business unit and the administrative management team to ensure the Board's full awareness of the financial needs for the business of the Company and to submit annual budget for the approval of the Board. With the assistance of the financial controller, the President ensures the sufficient supply of funds to meet the needs of the business and closely monitors the operation and financial results of the Company according to financial planning and budget, and offers opinion to the Board regarding material development and issues. The President communicates with all directors, to make sure that they are well briefed on all material business developments and plans of the Company, and is responsible to maintain high efficient administration team to support him to perform his duties in this position.

Director's Responsibilities on Financial Statements

The Directors acknowledge their responsibilities of preparing annual financial statements of the Company with supports from accounting departments. The Directors shall ensure that appropriate accounting policies are consistently adopted and the accounting standards issued by the Hong Kong Institute of Certified Public Accountants are complied with in the preparation of such financial statements and to report the financial affairs of the Company in a true and fair manner.

The statement issued by the auditor of the Company regarding its reporting responsibilities is set out in the Report of the Auditors on page 54.

Non-executive Directors

All non-executive directors (including independent non-executive directors) have fixed tenure and shall be subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

董事行政總裁負責管理公司的業務，制定與實施公司的政策，並就公司整體營運向董事會負責。公司董事行政總裁與其他執行董事及各核心業務部門、行政管理隊伍通力合作，確保董事會全面瞭解公司業務的資金需求，並提呈年度預算供董事會審批。公司董事行政總裁在財務總監的協助下，確保業務的資金需求得到充足供應，同時根據財務計劃與預算密切監察公司營運與財務業績，就重大發展與事情向董事會提供意見。公司董事行政總裁與所有董事保持溝通，確保他們充分瞭解公司所有重大業務發展和計劃，並負責維持高效率的行政隊伍以支持其履行職責。

董事就財務報表所承擔的責任

董事承認有責任在財務部門的支持下，為公司每個財政年度編製財務報表時貫徹應用適當的會計政策及遵守由香港會計師公會頒佈的會計準則，以真實及公平的報告本公司狀況。

有關本公司核數師發表其申報責任的聲明，詳列於第54頁核數報告書內。

非執行董事

所有非執行董事包括獨立非執行董事均有指定任期，並須按本公司的組織章程細則輪值退任及重選連任。

Remuneration of Directors and Senior Management

The Company established its Remuneration Committee on 1 January 2005. The terms of reference for the Committee include the review of the overall remuneration policies and structure of directors and senior management as well as the formulation of regulated and transparent procedures for determination of remuneration policies and proposals.

Remuneration Committee

The Remuneration Committee was established on 1 January 2005 with written terms of reference in compliance with the Code.

The Remuneration Committee consists of three independent non-executive directors. The Chairman of the Committee is Mr. WONG Po Yan. Mr. LI Wai Keung and Mr. WU Wai Chung, Michael are members of the Committee.

No director or any of his associates is allowed to decide their respective remuneration. The Remuneration Committee makes recommendation to the Board on the general remuneration policy and structure for all directors and senior management. In determining the remuneration of directors and senior management, the Remuneration Committee shall consider factors such as time commitment and responsibilities of directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The terms of reference for the Remuneration Committee are posted on the website of the Company.

董事及高層管理人員的薪酬

本公司於二零零五年一月一日成立薪酬委員會。該委員會的職責範圍包括研究董事及管理高層人員的全體薪酬政策及架構，及就設立正規而具透明的程式制訂此等薪酬政策和方案。

薪酬委員會

本公司已於二零零五年一月一日成立具有特定成文權責範圍的薪酬委員會。

薪酬委員會由三位獨立非執行董事組成。委員會由黃保欣先生擔任主席，李偉強先生、吳偉聰先生擔任委員會成員。

任何委員或其任何聯繫人士不得自行釐訂薪酬。薪酬委員會就本公司董事及高層管理人員的全體薪酬政策及架構，向董事會提出建議。在釐訂支付董事及高級管理人員的薪酬時，薪酬委員會須付出的時間及董事職責，集團內其他職位的僱傭條件及是否應按表現釐訂薪酬等。薪酬委員會的職權範圍登載於本公司網站上。

The Remuneration Committee held five meetings in 2006 to review and make recommendation to the Board on the director's fees of a newly appointed non-executive director and director's fees of all the existing non-executive directors, to determine remuneration for all existing executive directors and to determine or propose the number of underlying shares and terms of option to be granted to executive directors and non-executive directors. The attendance of the members is as follows:

Name		Number of meetings attended
姓名		出席會議次數
Mr. WONG Po Yan (Chairman)	黃保欣先生 (主席)	5/5
Mr. LI Wai Keung	李偉強先生	5/5
Mr. WU Wai Chung, Michael	吳偉聰先生	4/5

Nomination of the Directors

The Directors is aware of their joint and several responsibilities to the shareholders for the proper operation and well being of the Company. During the year, executive directors shall examine and assess the candidates for directors based on their characters, qualifications and experiences relevant to the business of the Group and make recommendation to the Board for consideration and subsequent decision. The Board held two meetings during the year which were all attended by three directors to consider and accept the resignation of executive directors Mr. XU Ruxin, Mr. ZHU Huoyang and Ms. ZHAO Mingfeng and appointment of Mr. ZHAO Gesheng, Mr. XIAO Rihai, Mr. LIU Weijin, Mr. ZHANG Huaqiao and Mr. TAM Ping Lung as executive directors, all of whom were appointed executive directors on 11 May 2006, and to consider and accept the nomination of Dr. WU Jiesi as non-executive director, who was appointed non-executive director on 11 May 2006.

Auditors' Remuneration

The external auditor engaged by the Company is Ernst & Young.

This accountant firm shall not take any non-auditing job to keep its independence. The disclosure regarding the auditors' remuneration was set out in the note 6 to the annual report.

薪酬委員會於二零零六年舉行五次會議審議及向董事會建議一名新委任非執行董事的董事袍金，所有現任非執行董事的董事袍金，釐訂所有現任執行董事的薪酬及分別釐訂及建議釐訂授予執行董事及非執行董事的認股權所涉及的股份數目及認股權的條款。各委員之出席紀錄如下：

董事提名

董事知悉，他們須共同及個別地對股東承擔責任，保證本公司的良好運作與成功經營。於本年度，執行董事負責審議及評估候選董事品格、資歷及是否擁有適用於本集團業務的經驗。其後將提呈執行董事的建議，以供全體董事會考慮及採納。董事會於本年度內舉行兩次會議並各有三位董事參加，考慮及接納執行董事徐汝心先生、朱火養先生及趙明豐女士的辭任及委任趙革生先生、肖日海先生、劉偉進先生、張化橋先生和談秉農先生為執行董事，且上述人士於二零零六年五月十一日成為執行董事，考慮及接納武捷思博士為非執行董事的提名，武博士於二零零六年五月十一日為非執行董事。

核數師酬金

公司的外聘核數師為安永會計師事務所。

該會計師事務所不會接受從事非核數以外的工作，以確保其獨立性。有關核數師酬金披露在年報附註6。

Audit Committee

The Board has adopted new terms of reference for the Audit Committee pursuant to the Code on Corporate Governance Practices.

The Audit Committee comprises three independent non-executive directors and one non-executive director, they are all equipped with business and financial skills and experiences required for understanding financial statements. Mr. LI Wai Keung is the Chairman of the Audit Committee and other members are Mr. WONG Po Yan, Mr. WU Wai Chung, Michael and Mr. LEE Yip Wah, Peter.

The terms of reference for the Audit Committee include proposal to appoint or replace external auditors, supervise and implement the internal auditing system of the Company, verify the financial information of the Company and its disclosure, examine the internal control system of the Company and to take charge and act as channel of communication between internal audit and external audit functions.

The Company has adopted the terms of reference for the Audit Committee in compliance with the Code. The terms of reference for the Audit Committee are posted on the website of the Company.

The Audit Committee held two meetings during 2006, and the attendance of the members of the Audit Committee is 100%. The Committee reviewed the interim report of the Company for the year 2006 and the audited financial statements for the year ended 31 December 2006.

Investor Relations and Shareholder's Interest

The Group values the communication between the shareholders and investors. The Group has regularly met with investors to enhance the corporate transparency. During the year, the Group met a number of investors, held five press conferences, a number of presentation seminars and telephone conferences, and participated in institutional investors conferences.

The Company encourages its shareholders to participate in Annual General Meeting. Chairman and members of the Board had attended the general meeting and were available to answer questions on the business of the Company.

審核委員會

董事會已根據企業管治常規守則採納新的審核委員會書面職權範圍。

審核委員會由三位獨立非執行董事及一位非執行董事組成，他們均具備瞭解財務報表所需的商業與財務技巧及經驗。委員會由李偉強先生擔任主席，其他成員為黃保欣先生、吳偉聰先生及李業華先生。

審核委員會的職責範圍包括提議聘請或更換外部審計機構、監督公司內部審計制度及實施審核公司的財務資訊及其披露、審核公司內控制度、負責內部審計與外部審計之間的溝通。

本公司已採納符合守則規定的審核委員會職權範圍。審核委員會的職權範圍登載於本公司網站上。

審核委員會於二零零六年共舉行了二次會議，審核委員會委員的出席率是百分之百。委員會審閱本公司二零零六年度中期報告及截至二零零六年十二月三十一日止年度經審核財務報表。

投資者關係及股東權益

本集團十分重視與股東和投資者之間的溝通。本集團定期與投資者會面，以提高企業透明度。年內，本集團與多個投資者會面，舉行五次新聞發佈會和多次推介會、電話會議等，以及參與機構投資者舉辦的投資者會議。

公司鼓勵股東出席股東週年大會。主席和董事會成員均出席大會，以解答股東對有關公司業務的提問。

To foster effective communications, the Company provides extensive information in annual report, interim report and newspaper announcements and also disseminates information relating to the Group and its business to the public in time through its website.

Internal Control

The Board is overall responsible for overseeing the operations of all the businesses units within the Group. Suitable candidates are appointed by the Board to join in the boards of all subsidiaries and associates operating in key business areas, to attend the board meetings and to oversee the operations of such companies. The management of each business area is accountable for these operation and performance of the business under its area of responsibility.

The Board has conducted an annual review of internal control system of the Group pursuant to the Codes and considers that all the material internal controls in the Group are adequate and effective during the year.

為促進有效溝通，本公司在年報、中期報告及報章公告中詳盡公佈公司資料，亦透過本公司網站向大眾及時公佈本集團的公告和相關本集團及其業務的資料。

內部監控

董事會全權負責監察旗下業務單位的運作。董事會委派適當人員加入所有經營重點業務的附屬公司和聯營公司的董事會，以出席其董事會會議來監察該等公司的運作。每項業務的管理層須為其業務運作與表現承擔問責。

董事會已根據守則對本集團的內部監控系統進行審查，董事會認為於本年度內本集團所有重要內部監控均為適當及有效。