

Corporate Governance Report

公司管治報告

INTRODUCTION

The Group is committed to achieving high standards of corporate governance which is crucial to the development of the Group and safeguard the interests of the Company's shareholders. To accomplish this, the Group has adopted practices which meet the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). During the year, the Company has complied with the Code except code provisions A.2.1 and A.4.1.

DIRECTORS' 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 as its own code for dealing in securities of the Company by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code during the year ended 31 December 2006.

BOARD OF DIRECTORS

The Board of Directors comprises the executive chairman, the managing director, three executive directors and three independent non-executive directors. The Board of Directors is principally accountable to the shareholders and responsible for the leadership and control of the Group including overseeing the Group's businesses, strategic directions, financial performance, setting objectives and business development plans, and monitoring the performance of the senior management.

緒言

本集團致力於達致高水平之企業管治，蓋因企業管治對本集團發展及保障本公司股東之權益至為重要。為此，本集團所採納之常規符合香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四之企業管治常規守則（「守則」）。年內，本公司已遵照守則之規定，惟守則條文A.2.1及A.4.1除外。

董事之證券交易

本公司已採納載於上市規則附錄十之「上市發行人董事進行證券交易之標準守則」（「標準守則」）作為其董事買賣本公司證券之守則。經向所有董事作出特定查詢後，本公司確認所有董事於截至二零零六年十二月三十一日止年度期間內，一直遵守標準守則之規定標準。

董事會

董事會由執行主席、董事總經理、三名執行董事及三名獨立非執行董事組成。董事會主要對股東負責，並負責領導及管治本集團，包括監督本集團之業務、策略方針、財務表現、設定目標及制訂業務發展計劃以及監察高級管理人員之表現。

Corporate Governance Report

公司管治報告

The Board of Directors meets regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group and has formal procedures on matters for consideration and decision. The Board of Directors has delegated certain authorities to the senior management for the day-to-day management of the Group's operation. The attendance of directors at the six full board meetings held in 2006 is as follows:

董事會每年會定期召開會議，以制訂整體策略、監管本集團之業務發展及財務表現，並採用正式程序以考慮及有待決策之事宜。董事會已授予高級管理人員若干權力以管理本集團之日常營運。董事於二零零六年舉行之六次全體董事會議之出席次數如下：

Director	Attendance	董事	出席次數
Executive Director		執行董事	
Mr. Yu Kam Kee, Lawrence <i>B.B.S., M.B.E., J.P. (Chairman)</i>	5	余錦基先生 <i>B.B.S., M.B.E., J.P. (主席)</i>	5
Mr. Cheung Hon Kit <i>(Managing Director)</i>	6	張漢傑先生 <i>(董事總經理)</i>	6
Dr. Yap, Allan	6	Yap, Allan博士	6
Mr. Chan Pak Cheung, Natalis	5	陳百祥先生	5
Mr. Lui Siu Tsuen, Richard	6	呂兆泉先生	6
Ms. Luk Yee Lin, Ellen <i>(resigned on 1 May 2006)</i>	2	陸綺蓮女士 (於二零零六年五月一日辭任)	2
Non-executive Director		非執行董事	
Mr. Chan Yeuk Wai <i>(Honorary Chairman)</i> (resigned on 1 May 2006)	–	陳若偉先生 <i>(榮譽主席)</i> (於二零零六年五月一日辭任)	–
Independent Non-executive Director		獨立非執行董事	
Mr. Kwok Ka Lap, Alva	6	郭嘉立先生	6
Mr. Wong King Lam, Joseph	6	黃景霖先生	6
Mr. Sin Chi Fai <i>(resigned on 27 March 2007)</i>	6	冼志輝先生 (於二零零七年三月二十七日辭任)	6
Mr. Poon Kwok Hing, Albert was appointed as an independent non-executive director of the Company with effect from 27 March 2007.		潘國興先生獲委任為本公司之獨立非執行董事，由二零零七年三月二十七日起生效。	

Corporate Governance Report

公司管治報告

The Company has received the annual confirmation of independence from each of the independent non-executive directors as required under Rule 3.13 of the Listing Rules. The Company considered all independent non-executive directors to be independent.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference with reference to the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants and such terms of reference are in line with the code provisions set out in the Code.

The Audit Committee meets at least twice a year for reviewing the reporting of annual and interim results and other information to the shareholders, and the effectiveness and objectivity of the audit process. Additional meetings may be held by the Audit Committee from time to time to discuss special projects or other issues which the Audit Committee considers necessary. The external auditors of the Company may request a meeting if they consider that one is necessary. The Audit Committee also provides an important link between the Board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors.

The Audit Committee consists of three independent non-executive directors. The Audit Committee is chaired by Mr. Wong King Lam, Joseph.

During the year, the Audit Committee reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited financial statements and unaudited interim financial statements.

本公司已接獲各獨立非執行董事根據上市規則第3.13條之規定而發出有關其獨立性之年度確認書。本公司認為所有獨立非執行董事均為獨立人士。

審核委員會

本公司已成立審核委員會，並參照香港會計師公會頒佈之「審核委員會有效運作指引」所載之推薦建議訂明其書面職權範圍及該等職權範圍符合守則所載之守則條文。

審核委員會每年至少召開兩次會議，審閱年度及中期業績報告及向股東提供之其他資料，以及檢討審核過程之有效性及客觀性。審核委員會可不時額外召開會議以討論審核委員會認為必要之特別項目或其他事宜。本公司之外聘核數師可於必要時要求召開會議。就審核委員會職權範圍內之事宜而言，審核委員會亦為董事會與本公司核數師兩者間之重要橋樑，並不時檢討核數師之獨立性及客觀性。

審核委員會包括三名獨立非執行董事。審核委員會之主席為黃景霖先生。

年內，審核委員會已與管理層及本公司核數師審閱本集團採納之會計原則及慣例，並已就核數、內部監控及財務申報事宜（包括經審核財務報表及未經審核中期財務報表）進行討論。

Corporate Governance Report

公司管治報告

The members and attendance of the three meetings of the Audit Committee in 2006 are as follows:

於二零零六年舉行之三次審核委員會會議之成員及出席次數如下：

Director	Attendance	董事	出席次數
Mr. Kwok Ka Lap, Alva	3	郭嘉立先生	3
Mr. Sin Chi Fai (resigned on 27 March 2007)	3	冼志輝先生 (於二零零七年三月二十七日辭任)	3
Mr. Wong King Lam, Joseph	3	黃景霖先生	3

Mr. Poon Kwok Hing, Albert was appointed as a member of the Audit Committee of the Company with effect from 27 March 2007.

潘國興先生獲委任為本公司審核委員會之成員，由二零零七年三月二十七日起生效。

ROLE AND RESPONSIBILITIES OF CHAIRMAN AND MANAGING DIRECTOR

主席及董事總經理之角色及責任

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any officer with the title of chief executive officer ("CEO") but instead the duties of a CEO are performed by Mr. Cheung Hon Kit, the Managing Director of the Company in the same capacity as the CEO of the Company.

根據守則條文A.2.1，主席與行政總裁之角色應有區分，並不應由一人同時兼任。本公司現時並無設有行政總裁（「行政總裁」）之職位，然而行政總裁之職務則由本公司之董事總經理張漢傑先生負責，該職權等同於本公司之行政總裁。

TERMS OF NON-EXECUTIVE DIRECTORS

非執行董事之任期

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors of the Company are not appointed for a specific term. However, all directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting in accordance with Bye-Law 99 of the Bye-Laws of the Company.

根據守則條文A.4.1，非執行董事之委任應有指定任期，並須接受重新選舉。本公司現時之獨立非執行董事並非按指定任期委任。然而，本公司所有董事（包括執行及非執行董事）須根據本公司之公司細則第99條於股東週年大會上輪席退任。

Corporate Governance Report

公司管治報告

REMUNERATION COMMITTEE

The Remuneration Committee of the Group has been established in April 2005 with written terms of reference in line with the Code. The Remuneration Committee will meet at least once a year to consider and recommend to the Board the Group's remuneration policy and structure and to review and determine the remuneration packages of the executive directors and senior management. The directors are remunerated with reference to their respective duties and responsibility with the Company, the Company's performance and current market situation.

The Remuneration Committee comprises two independent non-executive directors and one executive director. The Remuneration Committee is chaired by Mr. Kwok Ka Lap, Alva.

During the year, the Remuneration Committee held one meeting to review the remuneration policy and review and approve the remuneration packages of the executive directors and senior management of the Company. The members and attendance of the meeting are as follows:

Director	Attendance
Mr. Kwok Ka Lap, Alva	1
Mr. Sin Chi Fai (resigned on 27 March 2007)	1
Mr. Lui Siu Tsuen, Richard	1

Mr. Poon Kwok Hing, Albert was appointed as a member of the Remuneration Committee of the Company with effect from 27 March 2007.

Details of emoluments of the directors from the Group for the year are as disclosed in note 11 to the financial statements.

薪酬委員會

本集團已於二零零五年四月成立薪酬委員會，並依照守則訂明其書面職權範圍。薪酬委員會每年至少召開一次會議，以考慮及向董事會建議本集團之薪酬政策及架構，以及檢討及釐定執行董事及高級管理人員之薪酬待遇。董事之薪酬乃根據彼等各自於本公司之職責、本公司之業績及目前之市況釐定。

薪酬委員會由兩名獨立非執行董事及一名執行董事組成。薪酬委員會之主席為郭嘉立先生。

年內，薪酬委員會舉行了一次會議，以檢討本公司之薪酬政策，並檢討及批准本公司執行董事及高級管理人員之薪酬待遇。該會議之成員及出席次數如下：

董事	出席次數
郭嘉立先生	1
冼志輝先生 (於二零零七年三月二十七日辭任)	1
呂兆泉先生	1

潘國興先生獲委任為本公司薪酬委員會之成員，由二零零七年三月二十七日起生效。

本年度本集團董事之酬金之詳情於財務報表附錄11中披露。

NOMINATION OF DIRECTORS

According to the Bye-Laws of the Company, the Board of Directors has the power from time to time and at any time to appoint any person as a director either to fill a causal vacancy or as an addition to the Board of Directors. The nomination should be taken into consideration of the nominee's qualification, ability and potential contributions to the Company. During the year, there was no nomination of directors to fill board vacancies.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2006, the directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' Responsibilities and Remuneration

During the year, the auditors of the Company received approximately HK\$4,175,000 for audit and audited related service.

The statement of the auditors of the Company regarding their reporting responsibilities is set out in the Independent Auditor's Report on page 50.

Internal Control

During the year, the Company has reviewed the effectiveness of the Group's internal control procedures which include the policies, procedures, monitoring and communication activities and standard of behaviour established for safeguarding the interests of the shareholders of the Company.

董事提名

根據本公司之公司細則，董事會有權不時及於任何時間委任任何人士出任董事，以填補董事會之臨時空缺或增加新董事。提名時須考慮候選人之資歷、才能及可為本公司帶來之貢獻。年內，概無委任董事填補董事會空缺。

問責及審核

董事對財務報表之責任

董事須負責編製各財務期間真實公平反映本集團於該期間之財務狀況及業績與現金流量之財務報表。於編製截至二零零六年十二月三十一日止年度之財務報表時，董事已選擇及貫徹應用合適之會計政策，作出審慎、公平及合理之判斷及估計，並按持續基準編製財務報表。董事亦須負責存置於任何時間均合理準確披露本集團財務狀況之妥善會計記錄，以保護本集團之資產及採取合理措施防止及審查欺詐及其他違規行為。

核數師之責任及薪酬

年內，本公司核數師就其審核及審核相關服務收取約4,175,000港元。

本公司核數師就其申報責任作出之聲明載於獨立核數師報告第50頁。

內部監控

年內，本公司已檢討本集團之內部監控程序之有關成效，內部監控程序包括為保障本公司股東權益而制定之各項政策、程序、監管及訊息傳達事宜，以及行為標準。