

## Corporate Governance Report 公司管治報告書

We are committed to maintaining a high standard of corporate governance. We firmly believe that a good, solid and sensible framework of corporate governance will enhance the Company to run its business in the best interest of its shareholders as a whole.

The Directors are in the opinion that the Company has complied with the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

Deviations from the Code on Corporate Governance Practices and remedies:

The Company does not fully comply with code provisions A.2.1, A.4.1 and A.4.2 in Appendix 14.

Under code provision A.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board has Chairman to provide leadership to the Board in terms of establishing policies and business directions and monitor the daily operation of the Group. The Company is currently looking for a suitable person to be responsible for the daily management of the Company's business as a whole as a remedy for such deviation.

Under code provision A.4.1, the non-executive directors should be appointed for specific term, subject to re-election. All non-executive directors of the Company are not, however, appointed for specific term. The Company took the remedial action by subsequently signing new service contracts with each of the independent non-executive directors. Pursuant to the new service contract, all the independent non-executive directors are appointed for a term of two years.

Under code provision A.4.2, every director should be subject to retirement by rotation at least once every three years. Since the articles of association of the Company provide that all directors (except chairman) shall be subject to retirement by rotation, the Company did not comply with this provision, the Company is considering to amend the articles of association of the Company to remedy the situation.

本公司致力維持高質素之企業管治水平。本公司確信維持一個良好、穩固及合理之企業管治架構，能確保本公司以其整體股東之最佳利益經營業務。

董事認為，本公司已遵守聯交所上市規則附錄十四所載之公司管治常規守則。

公司管治常規守則的偏離及矯正：

本公司未完全遵守附錄十四所載之第A.2.1, A.4.1及A.4.2條文之規定。

根據守則條文第A.2.1條，主席與行政總裁的角色應有區分，並不應由一人同時兼任。本公司董事會設主席就制定政策及業務方向領導董事會，及監控本集團之日常運作。本公司目前正物色適合人選整體負責本公司業務之日常管理，與矯正某些偏離。

根據守則條文第A.4.1條，非執行董事應以特定之年期委任，並可獲重選連任。然而，本公司所有獨立非執行董事均沒有訂明任期，本公司將與獨立非執行董事簽署新的服務合約作為補救方法。根據新的服務合約，所有獨立非執行董事任期為二年。

根據守則條文第A.4.2條，每位董事應最少每三年輪值退任一次。本公司所有董事(除主席外)均需根據本公司章程細則輪值告退，惟本公司並未遵循此條款，本公司現考慮更改本公司之章程細則作為補救。



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### Model Code for Securities Transactions

The Group adopted the Model Code for Securities Transactions by Directors (the “Code”), contained in Appendix 10 of the Listing Rules. Special enquiry has been made of all Directors, and Directors have confirmed that they have complied with the required standards set out in the Code for the year ended 31 December 2006.

### Board of Directors

The Board currently comprises five executive directors, namely, Mr. Tong Shi Jun, Mr. Zhao Lishen, Mr. Chiu Kong, Ms. Huang Ling and Ms. Zhu Jun; and three independent non-executive directors, namely Mr. Chen Song Sheng, Ms. Zhou Mei Zhen and Ms. Wang Li Yun.

For details of the Directors’ biographical information, please refer to the section headed “Biography of Directors and Senior Management”.

The Company has received, from each of the independent non-executive directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors to be independent.

The principal functions of the Board are to consider and approve the strategies, financial objectives, annual budget, investment proposals, and assume the responsibilities of corporate governance of the Company. The day-to-day operations of the Group are delegated to the management of the Group.

### 進行證券交易的標準守則

本集團採納上市規則附錄十所載之「上市公司董事進行證券交易之標準守則(「守則」)」。本公司已對全體董事作出具體查詢，而董事確定於截至二零零六年十二月三十一日止年度均遵守守則所規定之準則。

### 董事會

董事會現由五名執行董事，即佟世均先生、趙立申先生、趙鋼先生、黃玲小姐及朱軍小姐，及三名獨立非執行董事，即陳頌聲先生、周美珍小姐及王凌雲小姐組成。

詳細之董事資料，請參閱題為「董事及高級管理人員資料」部份。

本公司已收到獨立非執行董事根據上市規則第3.13條就其身份之獨立性發出之週年確認書。本公司認為獨立非執行董事確屬獨立人士。

董事會之主要職能為考慮及批准本公司之策略、財務目標、年度預算、投資建議及履行公司管治責任。本集團之管理層負責管理本集團之日常運作。



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The Board met four times in 2006 and the individual attendance of each Board member in these meetings is as follows:

	Note	Attendance
<b>Executive directors</b>		
Mr. Tong Shi Jun		4/4
Mr. Zhang Jian	(i)	4/4
Mr. Zhao Lishen		4/4
Mr. Chiu Kong		4/4
Ms. Huang Ling		4/4
Ms. Zhu Jun		4/4
<b>Independent non-executive directors</b>		
Mr. Chen Song Sheng		2/4
Ms. Zhou Mei Zhen		4/4
Ms. Wang Li Yun		4/4

Notes:

- (i) Resigned as executive director on 1 October 2006.

The Company has Audit Committee, Remuneration Committee and Nomination Committee with details presented below.

### Audit Committee

The Company established an audit committee in 1999 with written terms of reference in compliance with the Listing Rules. Its current members include three independent non-executive directors, who are Mr. Chen Song Sheng, Ms. Zhou Mei Zhen and Ms. Wang Li Yun.

The audit committee is to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors and any questions of resignation or dismissal,

董事會在二零零六年共舉行四次董事會會議。每名董事之出席會議記錄如下：

	Note	Attendance
<b>執行董事</b>		
佟世均先生		4/4
張健先生	(i)	4/4
趙立申先生		4/4
趙鋼先生		4/4
黃玲小姐		4/4
朱軍小姐		4/4
<b>獨立非執行董事</b>		
陳頌聲先生		2/4
周美珍小姐		4/4
王凌雲小姐		4/4

附註：

- (i) 於二零零六年十月一日辭去執行董事。

本公司設審核委員會、薪酬委員會及提名委員會，詳情見下文。

### 審核委員會

本公司於一九九九年成立一個審核委員會，委員會之條款乃符合上市規則。其現有成員包括三名獨立非執行董事為陳頌聲先生、周美珍小姐、王凌雲小姐。

審核委員會會就外聘核數師之委任、重新委任及罷免、或處理任何有關該核數師辭職或辭退該核數師，核數師酬金、外聘核數師之獨立性等事宜

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their audit fees, matters relating to the independence of the external auditors; to meet with the external auditors to discuss the nature and scope of the audit, and matters of concern when requested to do so by the external auditors; to review the interim financial report and annual financial statements before they are submitted to the Board; to discuss problems and reservations arising from the interim review and final audit; any other matters the external auditors may wish to discuss, to review the external auditors' management letter and management's response; and to consider any findings of major investigations of internal control matters as delegated by the Board on its own initiative and management's response.

The audit committee met two times in 2006. Individual attendance of each committee member is set out as below:

	Attendance
Mr. Chen Song Sheng	1/2
Ms. Zhou Mei Zhen	2/2
Ms. Wang Li Yun	2/2

To fulfil its responsibilities, the audit committee has met with the external auditor to discuss the general scope of their audit work and has reviewed the Group's unaudited interim results for the period ended 30 June 2006 and annual audited results for the year ended 31 December 2006 and was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

### Remuneration Committee

The Company established a remuneration committee in September 2005 with written terms of reference in compliance with the Listing Rules. It comprises an executive director, Mr. Chiu Kong and two independent non-executive directors, Ms. Zhou Mei Zhen and Ms. Wang Li Yun.

向董事會提供意見；與外聘核數師開會討論審核工作之性質及範圍及應外聘核數師要求處理相關事宜；審閱中期財務報告及全年財務報告以便上呈董事會；討論源於中期審閱及年結審核過程發現之問題及保留意見，及任何外聘核數師欲討論之其他事宜；審核外聘核數師致管理層之函件及管理層之回應；及審議董事會指派由其自發進行之內部調查結果及管理層之回應。

審核委員會在二零零六年共舉行二次審核委員會會議。每名成員之出席會議記錄如下：

	Attendance	出席率	
Mr. Chen Song Sheng	1/2	陳頌聲先生	1/2
Ms. Zhou Mei Zhen	2/2	周美珍小姐	2/2
Ms. Wang Li Yun	2/2	王凌雲小姐	2/2

為履行其職務，審核委員會已會見外聘核數師以商討其審核工作之一般範圍，並已審閱本集團截至二零零六年六月三十日止期內之未經審核中期業績及截至二零零六年十二月三十一日止年度經審核業績，其認為有關業績乃符合適用之會計政策標準及規定編製，並已作足夠披露。

### 薪酬委員會

本公司於二零零五年九月成立一個薪酬委員會，薪酬委員會之條款乃符合上市規則。其現有成員包括執行董事趙鋼先生及兩名獨立非執行董事周美珍小姐及王凌雲小姐。



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The remuneration committee is responsible for formulating and recommending remuneration policy to the Board and determining the remuneration of directors and members of senior management as well as reviewing and making recommendations on the Group's bonus structure, provident fund and other compensation-related issues.

The remuneration committee met once in 2006. Individual attendance of each committee member is set out as below:

	Attendance
<b>Executive Director</b>	
Mr. Chiu Kong	1/1
<b>Independent Non-Executive Director</b>	
Ms. Zhou Mei Zhen	1/1
Ms. Wang Li Yun	1/1

### Nomination Committee

The Company established a nomination committee in September 2005 with written terms of reference in compliance with the Listing Rules. It comprises an executive director, Mr. Chiu Kong and two independent non-executive directors, Ms. Zhou Mei Zhen and Ms. Wang Li Yun.

The nomination committee is responsible for formulating policy and making recommendations to the Board on nomination, appointment of directors and Board succession, develops selection procedures for candidates, reviews the size, structure and composition of the Board and assesses the independence of independent non-executive director.

The nomination committee adopts certain criteria and procedures in the nomination of new directors. The major criteria include the candidates' professional background especially their experience in the industry of the Group's business; their financial and past track record with other similar companies; and the recommendations from the management team and other knowledgeable individuals. The nomination committee will shortlist the candidates and then submit to the Board for final approval.

薪酬委員會負責制訂薪酬政策及向董事提出建議，釐訂董事及本集團高級管理人員之薪酬，以及檢討公司之分紅機制、公積金與其他關於薪酬之事宜及提出建議。

薪酬委員會在二零零六年共舉行一次委員會會議。其現有成員及每名成員之出席會議記錄如下：

	Attendance	出席率
<b>執行董事</b>		
趙鋼先生	1/1	1/1
<b>獨立非執行董事</b>		
周美珍小姐	1/1	1/1
王凌雲小姐	1/1	1/1

### 提名委員會

本公司於二零零五年九月成立一個提名委員會，提名委員會之條款乃符合上市規則。其現有成員包括執行董事趙鋼先生及兩名獨立非執行董事周美珍小姐及王凌雲小姐。

提名委員會負責制訂提名政策，以及就董事之提名及委任與董事接任之安排向董事局提出建議，建立物色人選之程序，檢討董事局之架構、人數及組成，與評核獨立非執行董事的獨立性。

提名委員會採用若干準則及程序以挑選及推薦董事會候選人，有關標準主要包括董事人選的專業背景，尤其是在本集團所在行業的經驗；該名人士於其他類似公司工作之財務及往績記錄期之記錄，並參考管理及其他有識之士的推薦。提名委員會將選出最後人選名單，再由董事會作出最終批准。



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The nomination committee met once in 2006. Individual attendance of each committee member is shown below:

提名委員會在二零零六年共舉行一次委員會會議。其現有成員及每名成員之出席會議記錄如下：

	Attendance		出席率
<b>Executive Director</b>			
Mr. Chiu Kong	1/1	趙鋼先生	1/1
<b>Independent Non-Executive Director</b>			
Ms. Zhou Mei Zhen	1/1	周美珍小姐	1/1
Ms. Wang Li Yun	1/1	王凌雲小姐	1/1

During the meeting, the nomination committee had reviewed the structure, size and composition of the Board, considered the suitability of the appointment of a non-executive director, assessed whether the independence of independent non-executive directors comply with the relevant requirements under the Listing Rules, and the suitability of the re-election of the Directors who are subject to retirement and re-election at the annual general meeting.

於會議期間，提名委員會已檢討董事會的架構、人數及組成，考慮合適的非執行董事之委任，評估獨立非執行董事的獨立性是否遵守上市規則的有關要求，及確定是否適當地在股東週年大會上告退及重選的董事。

### Internal Control

The Board has overall responsibility for maintaining sound and effective internal controls to safeguard the Group's assets and shareholders' interest. The Board conducts regular review of the Group's internal control system.

### 內部監控

董事局有責任維持穩健及有效之內部監統，以保障集團之資產及股東之利益，並定期檢討該等系統之效率。

The system includes a well-established organizational structure with clearly defined lines of responsibility and authority, which is designed to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. Executive management is directly responsible for implementing the strategy and policies adopted by the Board, and for all the Group's activities.

監控系統包括一個成熟的組織架構，清楚界定各部門之權力責任，用以保障資產免受不當使用，維持妥善賬目及確保規則獲得遵守。行政管理人員直接負責董事局釐訂之策略及政策，並負責集團之所有運作。



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The Board monitored the Group's progress on corporate governance practices throughout the year under review. Periodic meetings were held, and circulars or guidance notes were issued to directors and senior management where appropriate, to ensure awareness of best corporate governance practice.

The Board assessed the effectiveness of internal controls by considering reviews performed by the audit committee, executive management and external auditors. The Board believes that the present internal control system is adequate and effective.

### Auditor's Remuneration

During the year, the remuneration paid to the Company's auditor, RSM Nelson Wheeler, is set out as follows:—

	Fee paid/payable HK\$'000
Audit services	750
Other services	780
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	1,530
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### Directors' Responsibility on the Financial Statements

The directors of the Company acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2006, which were prepared in accordance with statutory requirements and applicable accounting standards.

The reporting responsibilities of the external auditor on the financial statements are set out in the "Independent Auditor's Report" on pages 29 to 34.

於回顧年度內，董事局對公司管治實踐之進展進行監控並定期舉行會議，於合適情況下向董事及高級管理人員發出通告及指引，以確保其對最佳企業管治實踐之警覺性。

董事局通過參考由審核委員會、行政管理人員及外聘核數師之審閱而對內部監控之效用作出評估。董事局相信現時之內部監控系統充分及有效。

### 核數師酬金

年內，支付予本公司核數師羅申美會計師行之酬金載列如下：

	已付／應付費用 千港元
審核服務	750
其他服務	780
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	1,530
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### 董事對財務報表的責任

本公司董事確認彼等負責編製截至二零零六年十二月三十一日止年度的財務報表，該等財務報表乃根據法定要求及適用會計準則編製。

外聘核數師有關財務報表的匯報責任載於第29至34頁的「獨立核數師報告」。