

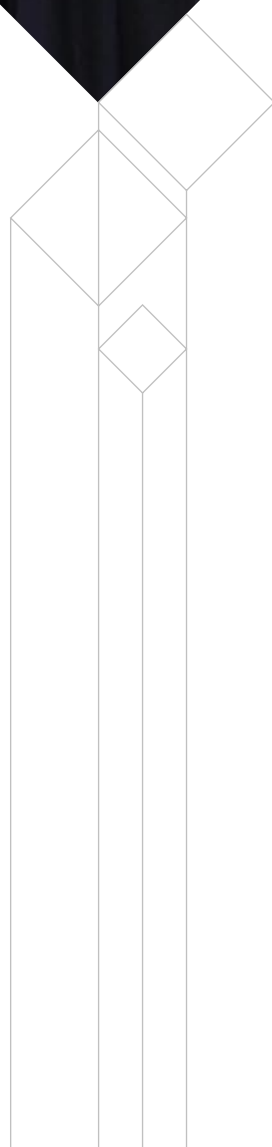


CORPORATE GOVERNANCE REPORT

公司管治報告

The Company recognises that good corporate governance standards maintained throughout the Group serve as an effective risk management for the Company. The Board of Directors (the "Board") of the Company commits to lead the Group in an efficient manner based on corporate missions in terms of business strategies and improved operational planning and procedures which are enforced under high corporate governance standard.

本公司認為本集團能維持良好的企業管治標準可有效管理本公司風險。本公司董事會（「董事會」）以有效方式致力領導本集團，實行業務策略、改善業務規劃及實施嚴格企業管治準則，以達成企業目標。



(1) CORPORATE GOVERNANCE PRACTICES

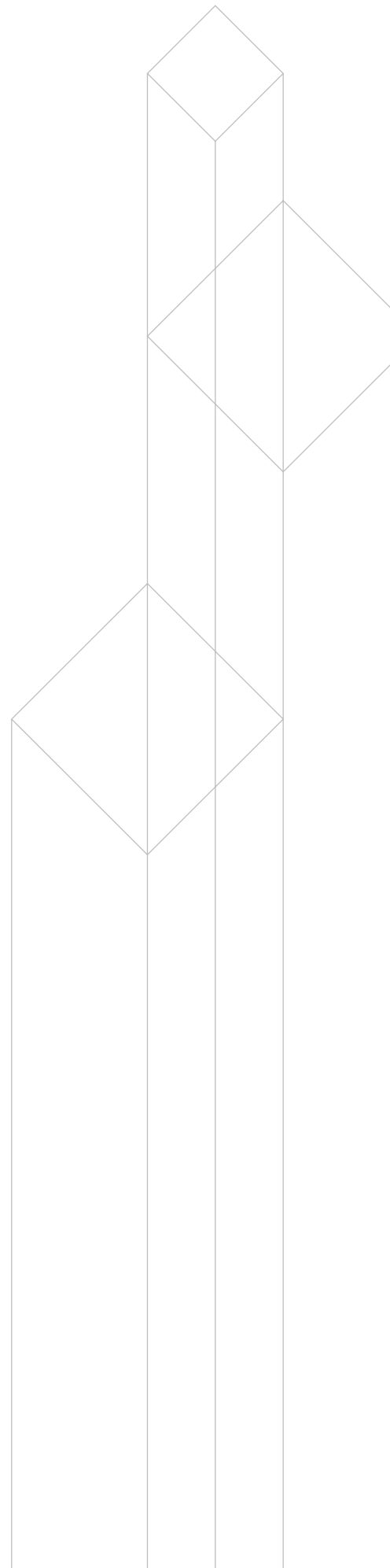
The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, which were in force prior to 1st January 2005, except that the independent non-executive directors are not appointed for specific terms as required by paragraph 7 of the Code of Best Practice, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Articles of Association.

The Code on Corporate Governance Practices as promulgated by the Stock Exchange became effective on 1st January 2005, which provides the code provisions (the "Code") and recommended best practices for corporate governance practices by listed companies. The Company has applied the principles of the Code and to a certain extent the recommended best practices of the Code. The Company considers that its prevailing structures and systems satisfied the requirements of the Code. The Company will continue to enhance the corporate governance standards throughout the Group and ensure further standards to be put in place by reference to the recommended best practices whenever suitable and appropriate.

(1) 企業管治常規

本公司於整個年度均已遵守上市規則附錄14所載的最佳應用守則（於二零零五年一月一日前生效），惟獨立非執行董事並非按最佳應用守則第7段規定有特定任期，並須根據本公司的組織章程細則於股東週年大會輪值退任及重選。

由聯交所頒佈的企業管治常規守則於二零零五年一月一日起生效，為上市公司提供守則條文（「守則」）及建議企業管治常規最佳守則。本公司已應用守則所載的準則，並在若干程度上應用所建議的最佳常規守則。本公司認為其現行架構及系統符合守則的規定。本公司將繼續提升本集團的企業管治標準，確保在適當情況下參考建議最佳應用守則推行其他準則。



(2) CORPORATE MANAGEMENT

i. Board of Directors

The Board reviews and approves corporate matters such as business strategies and investments, mergers and acquisitions, as well as the general administrative and management of the Group.

The Board currently consists of 14 directors, of which 6 are executive directors, 5 are non-executive directors and 3 are independent non-executive directors:-

Executive directors

Mr. OEI Kang, Eric (Managing Director and Chief Executive Officer)

Mr. CHEN Libo (Chief Operating Officer)

Mr. TSANG Sai Chung, Kirk (Company Secretary)

Ms. SO Hang, Selina (Chief Financial Officer)

Mr. TANG Sau Wai, Tom

Mr. CHENG Sum Hing, Sam

Non-executive directors

Mr. OEI Tjie Goan (Chairman)

Mr. LI Xueming (Deputy Chairman)

Mr. XU Zheng (Deputy Chairman)

Mr. LIU Guolin

Mr. FAN Yan Hok, Philip

(2) 公司管理層

i. 董事會

董事會檢討及批准本集團業務策略與投資、合併與收購及一般行政與管理等事宜。

董事會現時包括十四名董事，其中六名為執行董事，五名非執行董事及三名獨立非執行董事：

執行董事

黃剛先生（董事總經理兼行政總裁）

陳立波先生（營運總監）

曾細忠先生（公司秘書）

蘇苻女士（首席財務官）

鄧守偉先生

鄭森興先生

非執行董事

黃志源先生（主席）

李學明先生（副主席）

徐征先生（副主席）

劉國林先生

范仁鶴先生

Independent non-executive directors

Mr. CHUNG Cho Yee, Mico

Mr. CHENG Yuk Wo

Mr. Albert Thomas DA ROSA, Junior

Mr. OEI Tjie Goan, the chairman of the Company, is the father of Mr. OEI Kang, Eric, the Managing Director and Chief Executive Officer of the Company. The role of the Chairman and the Managing Director and Chief Executive Officer are segregated and are not exercised by the same individual. Apart from that, any other member of the board do not have any relationship (including financial, business, family or other material/relevant relationship(s)) with the Chairman and/or the Managing Director and Chief Executive Officer.

Members of the Board are professionally qualified and experienced personnel so as to bring in valuable contribution and various professional advices and consultancy for the development of the Company. More than one-half of the Board members have recognised professional, legal, construction and accounting qualifications.

The Independent non-executive directors have signed the Declaration of Independence to confirm that they are independent in accordance with Rule 3.13 and paragraph 12B of Appendix 16 of the Listing Rules.

獨立非執行董事

鍾楚義先生

鄭毓和先生

羅凱栢先生

本公司主席黃志源先生為本公司董事總經理兼行政總裁黃剛先生的父親。主席與董事總經理兼行政總裁的職位由不同人士擔任，亦不會由同一人執行。除此之外，董事會任何其他成員與主席及／或董事總經理兼行政總裁之間並無任何關係（包括財務、業務、家族或其他主要／相關關係）。

董事會成員包括具專業資格及經驗的人士，對本公司發展有寶貴貢獻，並提供多方面的專業意見及諮詢。董事會大部分成員均具有認可的專業法律、建築及會計資格。

根據上市規則第3.13條及附錄16第12B段規定，獨立非執行董事已簽署獨立聲明，確認彼等的獨立性。



Pursuant to the Articles of Association, one third of the Board or, if their number is not three or a multiple of three, then the number nearest one third, shall retire from office at each annual general meeting. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election. In addition, every director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. The Articles of Association also provide that the managing director of the Company shall not be subject to rotation for retirement at each annual general meeting of the Company. In this regard, Mr. XU Zheng, Mr. CHEN Libo, Mr. LIU Guolin, Mr. FAN Yan Hok, Philip and Mr. CHENG Sum Hing, Sam shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company to be held on 13th June 2006.

The term of appointment of non-executive directors is in accordance with the articles of association of the Company which rotate for re-election not exceeding every 3 years in the annual general meeting of the Company.



根據組織章程細則，董事會三分之一之成員（如數目並非三或三之倍數，則為最接近三分之一的人數）須在每屆股東週年大會上輪流退任。每年退任的董事須為自上次獲選後任期最長之董事，惟倘若有多名董事於同日獲選為董事，則退任的董事將以抽籤決定（彼等另行協定除外）。退任的董事將符合資格重選連任。此外，任何獲委任填補董事會空缺的董事或獲委任加入董事會的新成員的任期至下屆股東週年大會止，屆時將合資格重選連任。組織章程細則亦規定，本公司董事總經理毋須於本公司每屆股東週年大會輪值退任。就此而言，徐征先生、陳立波先生、劉國林先生、范仁鶴先生及鄭森興先生須退任，惟可於本公司二零零六年六月十三日舉行的應屆股東週年大會中重選連任。

非執行董事的任期須符合本公司組織章程細則的規定，每次任期最長為三年，任期屆滿後在本公司股東週年大會上重選。

Save for the board meetings held among the executive directors during the normal course of business of the Company, the Board has had regular board meetings in accordance with the Code and Mr. OEI Kang, Eric, Mr. CHEN Libo, Mr. TSANG Sai Chung, Kirk, Ms. SO Hang Selina, Mr. TANG Sau Wai, Tom and Mr. CHENG Sum Hing, Sam would normally attend the board meetings. In every board meeting, resolutions are passed on behalf of the Board of Directors and authorise top management to implement the decisions. During the year, the Company held 4 board meetings which include the presence of both non-executive directors and independent non-executive directors.

ii. Other Committees

There are three committees established under the Board, namely Audit Committee, Remuneration Committee and Nomination Committee.

除在本公司日常業務中執行董事舉行的董事會會議外，董事會已根據守則定期舉行董事會會議，黃剛先生、陳立波先生、曾細忠先生、蘇荇女士、鄧守偉先生及鄭森興先生通常會出席董事會會議。於各董事會會議，董事局通過決議案，並授權管理高層實施決議案。年內，本公司曾舉行四次董事會會議，非執行董事及獨立非執行董事均有出席會議。

ii. 其他委員會

董事會設有三個委員會，分別為審核委員會、薪酬委員會及提名委員會。

(a) Audit Committee

The Audit Committee consists of one non-executive director, Mr. FAN Yan Hok, Philip and three independent non-executive directors of the Company, Mr. CHUNG Cho Yee, Mico, Mr. CHENG Yuk Wo and Mr. Albert Thomas DA ROSA, Junior, three of whom possess recognised professional qualification in legal, finance and accounting and have proven experience in legal, audit, finance and accounting. The Chairman of the Audit Committee shall be determined in each meeting and must be an independent non-executive director.

The Audit Committee is to assist the Board of Directors to establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors. The functions of the Audit Committee include but not limited to the following:

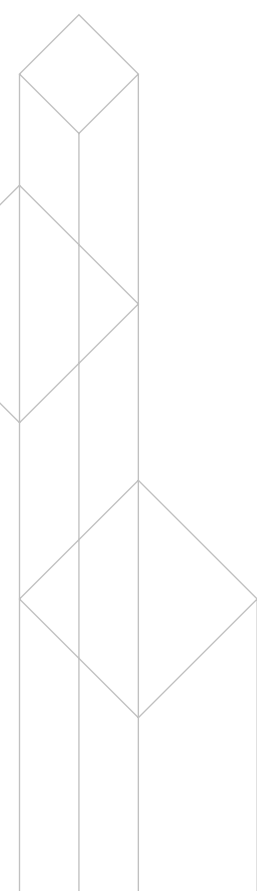
- Considering and reviewing the appointment, resignation and removal of external auditors and their fees
- Reviewing the interim and annual results of the Group
- Discussing with the external auditors issues of significance during the annual audit of the Group

(a) 審核委員會

審核委員會成員包括本公司一名非執行董事范仁鶴先生及三名獨立非執行董事鍾楚義先生、鄭毓和先生及羅凱栢先生，其中三名擁有認可法律、金融及會計專業資格，亦具有豐富法律、審計、金融及會計經驗。審核委員會主席的人選須於各會議決定，並必須為獨立非執行董事。

審核委員會負責協助董事會設立正式及具透明度的安排，以決定董事會如何應用財務報告及內部監控原則，並與本公司核數師保持恰當的關係。審核委員會的職能包括（但不限於）以下各項：

- 考慮及檢討委任、辭退及罷免外聘會計師及彼等的費用
- 審閱本集團中期及年度業績
- 於本集團進行年度核數工作期間與外聘核數師討論重大問題



The terms of reference of the Audit Committee follow the guidelines set out by the Hong Kong Institute of Certified Public Accountants and have been updated on terms no less exacting those set out in the Code.

The works of the Audit Committee during the year under review included:-

- Reviewed the 2005 interim results and annual results of the Group
- Discussed with the management of the Company over the completeness, fairness and adequate accounting standards and policies of the Group in the preparation of the 2005 interim and annual financial statements
- Reviewed and discussed with the external auditors over the financial reporting of the Company
- Recommended to the Board, for the approval by shareholders, of the re-appointment of the auditors

The Audit Committee met twice in 2005. Mr. CHUNG Cho Yee, Mico, Mr. CHENG Yuk Wo, Mr. Albert Thomas DA ROSA, Junior and Mr. FAN Yan Hok, Philip attended the committee meetings. Each committee meeting was supplied with the necessary financial information of the Group for the members to consider, review and assess matters of significance arising from the work conducted.

審核委員會的職權範圍符合香港會計師公會訂下的指引，並經已更新，使其職權範圍不比守則所載者寬鬆。

審核委員會於回顧年度的工作包括：

- 審閱本集團二零零五中期及年度業績
- 與本公司管理層就編撰二零零五中期及年度財務報表討論本集團會計標準及政策是否完備、公平及充足。
- 審閱及與外聘核數師討論有關本公司的財務申報事宜
- 向董事會建議續聘核數師以徵求股東批准

審核委員會於二零零五年曾舉行兩次會議。鍾楚義先生、鄭毓和先生、羅凱栢先生及范仁鶴先生曾出席委員會會議。所有委員會會議已提供所需的本集團財務資料，以供委員考慮、審閱及評估有關所進行工作的重大事宜。

(b) Remuneration Committee

The Remuneration Committee consists of one non-executive director, Mr. FAN Yan Hok, Philip and three independent non-executive directors of the Company, Mr. CHUNG Cho Yee, Mico, Mr. CHENG Yuk Wo and Mr. Albert Thomas DA ROSA, Junior. The Chairman of the Remuneration Committee shall be determined in each meeting and must be an independent non-executive director.

The terms of reference of the Remuneration Committee follow with the Code. The committee meets at least once a year.

The main function of the Remuneration Committee is to assist the Board of Directors to establish a formal and transparent procedure for setting policy on Executive's remuneration and for fixing the remuneration packages for all directors and senior management. The works of the Remuneration Committee include determining the policy for the remuneration of the Group's senior management including executive directors and other senior staff, assessing their performance and approving the terms of their service contracts.

(b) 薪酬委員會

薪酬委員會成員包括本公司一名非執行董事范仁鶴先生及三名獨立非執行董事鍾楚義先生、鄭毓和先生及羅凱栢先生。薪酬委員會主席的人選須於各會議決定，並必須為獨立非執行董事。

薪酬委員會的職權範圍已遵照守則的規定。委員會每年最少舉行一次會議。

薪酬委員會的主要職責是協助董事會就制訂行政人員的薪酬政策以及釐定全體董事與高級管理層的薪酬待遇建立正規及公平的程序。薪酬委員會的工作包括制訂本集團管理高層（包括執行董事及其他高級職員）的薪酬政策、評估彼等的表現及批准彼等服務合約的年期。

(c) Nomination Committee

The Nomination Committee consists of one non-executive director, Mr. FAN Yan Hok, Philip and three independent non-executive directors of the Company, Mr. CHUNG Cho Yee, Mico, Mr. CHENG Yuk Wo and Mr. Albert Thomas DA ROSA, Junior. The Chairman of the Nomination Committee shall be determined in each meeting and must be an independent non-executive director.

The terms of reference of the Nomination Committee follow with the Code. The committee meets at least once a year.

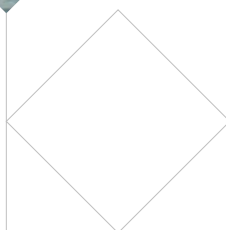
The main function of the Nomination Committee is to assist the Board of Directors to make recommendation to the Board of Directors to ensure that all nominations are fair and transparent. The works of the Nomination Committee includes determining the policy for the nomination of directors. The works of the Nomination Committee included reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations to the Board regarding any proposed change and determining the policy for the nomination of directors.

(c) 提名委員會

提名委員會包括本公司一名非執行董事范仁鶴先生及三名獨立非執行董事鍾楚義先生、鄭毓和先生及羅凱栢先生。提名委員會主席的人選須於各會議決定，並必須為獨立非執行董事。

提名委員會的職權範圍已遵照守則的規定。委員會每年最少舉行一次會議。

提名委員會的主要職責是協助董事會，向董事會提出建議，確保所有提名均為公平透明。提名委員會的工作包括檢討董事會架構、規模及組成（包括技巧、知識及經驗），並就任何建議的改變向董事會提出推薦意見及釐定提名董事的政策。



(3) CORPORATE COMMUNICATION

The Company channels corporate information of the Group to the shareholders in a timely and accurate manner. Printed copies of the Annual Report 2004 and Interim Report 2005 were duly sent to all shareholders. At the annual general meeting to be convened on 13th June 2006, the shareholders of the Company will have an opportunity to discuss with the top management and will have a clear understanding on the current business activities of the Group.

(4) AUDITORS' REMUNERATION

For the year ended 31 December 2005, the Auditors of the Company received approximately HK\$2.95 million for audit service and HK\$0.12 million for tax and consultancy services.

(5) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the "Company's Code") regarding securities transactions by directors and employees of the Group based on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules. A copy of the Company's Code was sent to each director and the relevant employees of the Group as required under the Company's Code. All the directors have confirmed that they have complied with the required standards set out in the Company's Code.

(3) 企業通訊

本公司一直及時並準確地向股東提供本集團的公司資料。二零零四年年報及二零零五年中期報告的印刷文本已寄予全體股東。即將於二零零六年六月十三日召開的股東週年大會上，本公司股東有機會與管理高層進行討論，清楚了解本集團現時業務狀況。

(4) 核數師酬金

截至二零零五年十二月三十一日止年度，本公司核數師收取約2,950,000港元作為核數服務的酬金，並就稅務及顧問服務收取少於120,000港元。

(5) 董事之證券交易

本公司已就本集團董事及僱員進行證券交易採納一套操守守則（「公司守則」），其條款不下於上市規則附錄10所載上市發行人董事進行證券交易的標準守則。本公司已根據公司守則的規定，將副本派發予本集團各董事及有關僱員。全體董事已確認，彼等已遵守公司守則所載的準則。

(6) CORPORATE CONTROL

The Board has overall responsibility in monitoring the process of corporate reporting and control system throughout the Group. The corporate reporting standards are delegated to the Finance Department in terms of proper and regular reviews on the deployment of resources and financial reporting systems. The corporate governance practices and compliance with the Listing Rules, Securities and Futures Ordinance and other applicable regulations are delegated to the Legal and Company Secretarial Department. The management of the Company reviews the reporting systems with the executive directors regularly and the Audit Committee annually.

(6) 企業監控

董事會全權負責監控本集團的企業申報及管理制程序。已向財務部發出企業申報標準，以適當及定期檢討資源調動及財務申報系統，亦已向法律及公司秘書部門發出符合上市規則、證券及期貨條例及其他適用規例的企業管治常規。本公司管理層每年均會定期與執行董事及審核委員會檢討申報制度。

(7) INTERNAL CONTROL

The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, which is designed to assist achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against materials misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

Organisational Structure

An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established.

Authority and Control

The relevant executive directors are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments.

(7) 內部監控

董事會全權負責維持本集團健全及有效的內部監控制度。本集團的內部監控制度包括界定權限的管理架構，以協助達到業務目標、保障資產不會未經授權而使用或處置、確保維持適當的會計紀錄以提供可靠財務資料供內部使用，並確保符合有關的法例及規例。該制度旨在提供合理（但非絕對）的保證，避免發生重大的錯誤陳述或損失，並管理（而非消除）營運制度方面的缺失，以及達到本集團目標。

組織架構

嚴謹的組織架構，制定政策及程序、權責範圍及授權。

授權及監控

根據主要公司策略、政策及合約承諾，有關執行董事獲授不同水平的權責。

Budgetary Control and Financial Reporting

Budgets are prepared and are subject to the approval of the Executive Directors prior to adoption. There are procedures for the appraisal, review and approval of major capital and recurrent expenditure. Results of operations against budgets are reported regularly to the Executive Directors.

Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

Internal Audit

The provision of the Code on internal control became effective for accounting period commencing on or after year ending 1st July 2005. The Company established an Internal Control and Risk Management Department in September 2005 to safeguard the shareholders' investment and the Group's assets. Internal Control and Risk Management Department adopts a risk and control based audit approach. The work plan will commence in 2006 and direct to monitor compliance with internal control procedures focusing on those areas of the Group's activities with the greater perceived risk.

(8) SHARE INTERESTS OF SENIOR MANAGEMENT

The number of shares held by senior management are shown in the Directors' Interests on the Reports of the Directors on pages 44 to 66.

預算控制及財務申報

本公司會編製預算，而於採納前須經執行董事批准。評估、審閱及批准重大資本及經常開支均有既定程序。經營業績與預算的比較會定期向執行董事匯報。

本公司設有適當監控，以記錄完整、準確及適時的會計及管理資料。本公司定期進行審閱及審核，以確保財務報表的編製符合普通採納的會計準則、本集團的會計政策及相關法例及條例。

內部審核

內部監控的守則條文於截至二零零五年七月一日止或其後的會計期間生效。本公司於二零零五年九月成立內部監控及風險管理部門，以保障股東的投資及本集團的資產。內部監控及風險管理部門採取以風險及監控為基礎的審核方式。工作計劃將於二零零六展開，旨在監察本集團業務符合內部監控程序，特別是本集團所涉風險較大的業務範疇。

(8) 管理高層的股份權益

管理高層所持有的股份數目載於第44至第66頁董事會報告內董事權益一節。

(9) DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group.

With the assistance of the Finance Department which is under the supervision of the Chief Financial Officer of the Company, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

The statement of the Auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Auditors' Report on pages 67 to 68.

(10) INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company establishes different communication channels with shareholders and investors: (i) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board, (ii) updated and key information of the Group are available on the website of the Company, (iii) the Company's website offers communication channel between the Company and its shareholders and investors, and (iv) the Company's Registrars serve the shareholders in respect of all share registration matters.

(9) 董事對財務報表的責任

董事確認彼等須對編製本集團的財務報表負責。

在財務部門（經本公司的首席財務官監察）的協助下，董事確保本集團財務報表的編製符合法例規定及相關會計準則。董事亦確保本集團的財務報表可適時刊發。

本公司核數師有關對本集團財務報表的申報責任的陳述，載於第67頁至第68頁的核數師報告書。

(10) 投資者關係及與股東的溝通

本公司與股東及投資者建立不同的溝通渠道：(i)股東週年大會提供平台，讓股東提出意見，並與董事會交換意見，(ii)本公司網站載有本集團最新及重要資料，(iii)本公司網站為本公司與股東和投資者提供溝通渠道，及(iv)本公司的股份過戶登記處就所有股份登記事宜為股東服務。

