

Commitment to Corporate Governance

Corporate governance is the cornerstone of the Company to achieve sustainable development and maintain high standard of business ethics. The Board will strive to adhere to the principles of corporate governance and adopt sound corporate governance practices to be in line with the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

The Company has complied throughout the year ended 31 December 2006 with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules.

Compliance with Model Code

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. The Company made specific enquires with each Director and each of them confirmed that he or she had complied with the Model Code during the year under review.

The Board

The Board's main roles are to create value to shareholders, to provide entrepreneurial leadership of the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives.

The Board currently comprises six executive Directors and three independent non-executive Directors. The name and biographical details of each Director are set out on pages 115 to 116. The Board believes that the ratio between executive Directors and independent non-executive Directors is reasonable and adequate. The Board also believes that the independent non-executive Directors shall offer their independent judgment on issues relating to strategy, performance, conflict of interest and management process such that the interests of all shareholders are considered and safeguarded.

All Directors have access to timely information in relation to the Group's business and make further enquires when necessary. The Board has also agreed that Directors may seek independent professional advice on issues related to the Group's business at the Company's expenses. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, ensures the availability of resources as well as the effectiveness of its internal control including financial control.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

Chairman and Co-Presidents

The division of responsibilities between the Chairman of the Board, Mr. Chen Zhuo Lin, and the Vice-Chairmen and Co-Presidents, Mr. Chan Cheuk Yin and Ms. Luk Sin Fong, Fion, are clearly defined and have been approved by the Board.

The Chairman leads the Board in the determination of its strategy and achievement of its objectives. The Chairman, assisted by the Company Secretary, is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman is not involved in the day-to-day business of the Group. The Chairman facilitates the effective contribution of non-executive Directors, ensuring that the Directors receive accurate, timely and clear information and have effective communication with shareholders.

Corporate Governance Report

The Vice-Chairmen and Co-Presidents are responsible for the execution of business policies, strategies, objectives and plans as adopted by the Board.

Independence of Independent Non-Executive Directors

All independent non-executive Directors have offered sufficient time and efforts to serve the business affairs of the Company and possess appropriate academic and professional qualifications and related management experience and have contributed to the Board with their professional opinion.

The Company has appointed three independent non-executive Directors, at least one of whom has appropriate professional qualification in accounting and financial management expertise, in compliance with the Listing Rules. Each independent non-executive director has given the Group an annual confirmation of his independence, and the Group considers these Directors to be independent under the guidelines set out in rules 3.13 of the Listing rules. No independent non-executive Director has served the Group for more than nine years.

Professional Development

On appointment, the Directors take part in an induction briefing where they receive information about the Group, the role of the Board and matters reserved for its decision, the terms of reference and membership of the principal Board committees, and the powers delegated to those committees, the Group's corporate governance practices and procedures, including the powers reserved to the Group's most senior executives, and the latest financial information about the Group. This is supplemented by visits to key locations and meetings with other key senior executives. The Group continuously updates all Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and to enhance their awareness of good corporate governance practices.

Appointment and Re-election

Directors are appointed based on their merit and experiences relevant to the business of the Group and are subject to re-election by shareholders at regular intervals. In accordance with the Code provision, the articles of association of the Company will be proposed for amendment at the forthcoming annual general meeting to the effect that all directors are subject to retirement by rotation at least once every three years and each newly appointed director is subject to re-election by the shareholders at the first general meeting after his/her appointment in accordance with the Company's articles of association.

The Code provides that non-executive Directors should be appointed for a specific term, subject to re-election. In this regards, the Company entered into service contracts with the independent non-executive Directors whereby they are appointed for a term from 15 December 2006 to 30 June 2008 subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's articles of association.

Board and Board Committee Meetings

The full Board met four times during the year under review. At the meetings, the Directors discussed and formulated overall strategies for the Group, monitored financial performance and discussed the annual and interim results, as well as other significant matters. Daily operational matters are delegated to management.

At least 14 days' notice of all Board meetings was given to all Directors, and all Directors were given an opportunity to include matters for discussion in the agenda.

The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are followed. He also keeps detailed minutes of each meeting, which are available to all Directors. A draft of the minutes is circulated to all Directors for comment and approval as soon as practicable after the meeting.

All Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have unrestricted access to the advice and service of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring that Board procedures are followed.

Should a potential conflict of interest involving a substantial shareholder or director arise, the matter is discussed in an actual meeting, as opposed to being dealt with by written resolution. Independent non-executive Directors with no conflict of interest are present at meetings dealing with conflict issues.

Board committees, including the Audit, Remuneration and Nomination Committees, all follow the applicable practices and procedures used in Board meetings for committee meetings.

The number of full Board and Committee meetings attended by each Director during the year are as follows:

	Full Board	Nomination Committee	Audit Committee
	Note	Note	Note
Executive Directors			
Mr. Chen Zhuo Lin (<i>Chairman</i>)	4(4)	N/A	N/A
Mr. Chan Cheuk Yin (<i>Vice-Chairman & Co-President</i>)	4(4)	N/A	N/A
Ms. Luk Sin Fong, Fion (<i>Vice-Chairlady & Co-President</i>)	4(4)	2(2)	5(5)
Mr. Chan Cheuk Hung	3(4)	N/A	N/A
Mr. Chan Cheuk Hei	4(4)	N/A	N/A
Mr. Chan Cheuk Nam	4(4)	N/A	N/A
Independent Non-Executive Directors			
Dr. Cheng Hon Kwan	4(4)	2(2)	5(5)
Mr. Kwong Che Keung, Gordon	4(4)	2(2)	5(5)
Mr. Cheung Wing Yui	4(4)	2(2)	5(5)

Note: Number of meetings attended (number of meetings held)

Remuneration Committee

The Remuneration Committee was established in November 2005. During the year, the Remuneration Committee comprised Dr. Cheng Hon Kwan, Mr. Kwong Che Keung, Gordon, Mr. Cheung Wing Yui and Ms. Luk Sin Fong, Fion. The Remuneration Committee is chaired by an independent non-executive Director, Dr. Cheng Hon Kwan. The majority of the Remuneration Committee shall be independent non-executive Directors and the Remuneration Committee shall consist of not less than three members. The Remuneration Committee shall meet not less than once a year and non-committee members are invited to attend where necessary.

The Remuneration Committee's principal responsibilities are recommending policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee's specific terms of reference are posted on the Group's website.

The Remuneration Committee met twice during the year. During the meetings, the Remuneration Committee agreed upon the service contracts of the independent non-executive Directors. They have also reviewed the Company's policy and structure for all remuneration of senior management.

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Nomination Committee

The Nomination Committee was established in December 2006. The Nomination Committee comprised Dr. Cheng Hon Kwan, Mr. Kwong Che Keung, Gordon, Mr. Cheung Wing Yui and Ms. Luk Sin Fong, Fion. The Nomination Committee is chaired by an independent non-executive director, Mr. Cheung Wing Yui. The majority of the Nomination Committee shall be independent non-executive Directors and the Nomination Committee shall consist of not less than three members. The Nomination Committee shall meet not less than once a year and non-committee members are invited to attend where necessary.

The Nomination Committee is responsible for establishing formal and transparent procedures for the appointment or re-appointment of Directors; make recommendations to the Board for new appointments or re-election of executive and non-executive Directors; evaluate the contribution towards the Company and performance by the current Directors and determine if they should be proposed for re-election; and to deal with all significant issues concerning the nomination of Directors during the year. The Nomination Committee's specific terms of reference are posted on the Group's website.

Accountability and Audit Committee

The Board is responsible for presenting a clear, balanced assessment of the Group's performance and prospects. It is also responsible for preparing accounts that give a true and fair view of the Group's financial position on a going-concern basis and other price-sensitive announcements and financial disclosures. The management provides the Board with the relevant information it needs to discharge these responsibilities.

The Audit Committee was established in November 2005. During the year, the Audit Committee comprised Dr. Cheng Hon Kwan, Mr. Kwong Che Keung, Gordon and Mr. Cheung Wing Yui. The Audit Committee is chaired by an independent non-executive Director, Mr. Kwong Che Keung, Gordon. All members of the Audit Committee are independent non-executive Directors.

Under its terms of reference, The function of Audit Committee is to review important accounting policies and supervise the Company's financial reporting process; monitor the performance of both the internal and external auditors; review and examine the effectiveness of the Company's financial reporting procedures and internal controls; and ensure compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board. The Audit Committee's specific terms of reference are posted on the Group's website.

The Audit Committee held five meetings during the year with full minutes kept by the Company Secretary. Following the Board practice, minutes of the meetings are circulated to all members for comments, approval and record as soon as practicable after the meetings. The Audit Committee reported that there is no material uncertainty that casts doubt on Company's going concern ability. There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors.

Auditors' Remuneration

Since the re-appointment of PricewaterhouseCoopers as the Company's auditors at the annual general meeting held on 18 May 2006, remuneration in respect of audit, audit related and non-audit services provided by PricewaterhouseCoopers amounted to HK\$3,500,000, HK\$1,500,000 and HK\$250,000, respectively.

Internal Control

The Board is responsible for the Company's system of internal control. It sets appropriate policies on internal control; seeks regular assurance that enable it to satisfy itself that the system is functioning effectively; and ensures that the system of internal control is effective in managing risks in the manner which it is approved.

The Board assesses the effectiveness of internal controls by considering reviews performed by the Audit Committee, the management, the independent auditors and the internal control department. The Board believes that the present internal control system is adequate and effective.

The internal audit department follows a risk-and-control-based approach. The department performs regular financial and operational reviews of the Group as well as other reviews as required. Summaries of major audit findings and control weaknesses are reviewed by the Audit Committee. The internal audit department monitors the follow-up actions agreed upon in response to its recommendations.

Relations with Shareholders

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. Annual and interim reports are printed and sent to all shareholders and also posted on the Company's corporate website www.agile.com.cn. Press releases are posted on the Company's corporate website. The Company's website provides email address, postal address, fax number and telephone number by which enquiries may be put to the Board. Being constantly updated in a timely manner, the website also contains a wide range of additional information on the Group's business activities. As a standard part of the investors relations programme to maintain a constant dialogue on the Group's performance and objectives, senior executives hold regular briefings and attend conferences with institutional investors and financial analysts.

The Company encourages its shareholders to attend annual general meeting to ensure a high level of accountability and to stay informed of the Group's strategy and goals.

The Company keeps shareholders informed of the procedures for voting by poll in all circulars to shareholders which are from time to time despatched to shareholders together with notices of general meetings of the Company. The Company has taken steps to ensure compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the Company. Regarding circulars to shareholders for convening annual general meetings, the Company would also state in such circulars that arrangements have been made for the voting of each of the resolutions being put to the annual general meetings to be voted by means of poll. The Board and external auditors attend the annual general meetings to answer shareholders' questions. Poll results are published in newspapers on the following day and are posted on the Company's corporate website shortly after the meetings.



2006 Annual General Meeting