

為符合股東利益，董事會致力實行高水平的企業管治。本公司採納的企業管治原則著重一個高效率的董事會、健全的內部監控，以及對股東的透明度和問責性。

香港聯交所於二零零四年十一月頒佈「企業管治常規守則」（「企業管治守則」），該企業管治守則於二零零五年一月正式生效。企業管治守則訂明良好企業管治的原則及分兩層次的有關建議：(a) 守則條文；及(b) 建議最佳常規。本公司已應用企業管治守則的原則，並現已全面符合企業管治守則所有守則條文及若干建議最佳常規。

以下為本集團採納的企業管治常規。

A. 董事

A.1 董事會

董事會由九名董事組成，當中包括五名執行董事及四名非執行董事（其中三名為獨立非執行董事）。董事的個人簡歷已詳載於第51頁至第53頁之董事簡介內。本公司所委任的獨立非執行董事佔董事會成員人數三分之一。

董事會每年最少召開四次定期會議，大約每季一次。召開董事會定期會議均發出至少十四天通知，而非定期會議的通知期則不少於七天。為確保全體董事皆有機會提出商討意見，董事會會議的議程初稿皆提供予全體董事提出修改意見。

The board of directors is committed to maintain a high standard of corporate governance in the best interests of the shareholders. The corporate governance principles adopted by the Company emphasise a highly efficient board of directors, sound internal control and the transparency and accountability to all shareholders.

In November 2004, The Hong Kong Stock Exchange introduced the “Code on Corporate Governance Practices” (the “CG Code”), which came into effect in January 2005. The CG Code sets out the principles of good corporate governance and two levels of recommendations: (a) Code Provisions; and (b) Recommended Best Practices. The Company has applied the principles under the CG Code, and is now in full compliance with all the Code Provisions and certain Recommended Best Practices as set out in the CG Code.

Below are the corporate governance practices adopted by the Group.

A. DIRECTORS

A.1 Board of directors

The board of directors comprises of nine directors, five executive directors and four non-executive directors, three of whom are independent non-executive directors. Biographical details of the directors are set out in the “Biographies of the Directors” section on pages 51 to 53. The number of independent non-executive directors appointed by the Company represents one-third of the members of the board.

The board convenes at least four regular meetings annually in each quarter. Notices of not less than fourteen days are given for all regular board meetings, and notices of not less than seven days are given for meetings other than regular meetings. To ensure all directors are given opportunities to make suggestions on agenda items to be discussed in board meetings, all draft agendas for board meetings are provided to all directors for their comment prior to the meetings.

A. 董事 (續)

A.1 董事會 (續)

所有董事都可獲得公司秘書的意見和服務，確保董事會程序及所有適用規則及規例均獲得遵守。董事會及董事會轄下各專業委員會的會議記錄由公司秘書備存，並隨時供董事查閱。

董事會及董事會轄下各專業委員會的會議記錄，對會議上各董事所考慮的事項及達致的決定均作出詳細記錄，包括董事提出的任何疑慮或表達的反對意見。而董事會及董事會轄下各專業委員會會議記錄的初稿均分別發送予相關董事以提出修改意見，最後定稿亦會適時提供予相關董事作其記錄之用。

董事會轄下各專業委員會(包括審核委員會、提名委員會及薪酬委員會)之職權範圍書內，已訂明在董事合理的要求下，可尋求獨立專業顧問意見以便董事履行其對本公司的責任，費用由本公司支付，惟費用如超過港幣50萬元，應先與執行董事委員會討論。

本集團擬於進行重大交易、關連交易或須根據上市規則的規定而予以公佈的交易前，必先召開董事會會議討論及審議，讓所有董事有機會親身出席並發表意見。

A. DIRECTORS (continued)

A.1 Board of directors (continued)

All directors have access to the advice and services of the company secretary with a view to ensuring that board procedures and all applicable rules and regulations are followed. Minutes of board meetings and meetings of all specialised committees under the board are kept by the company secretary and are available for inspection by the directors at all times.

Minutes of board meetings and meetings of all specialised committees under the board are recorded in sufficient details on the matters considered by all directors and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft minutes of board meetings and meetings of all specialised committees under the board are provided to relevant directors for their comments and the final version of the same are given to directors for their records within a reasonable time.

The written terms of reference of all specialised committees under the board (including the Audit Committee, Nomination Committee and Remuneration Committee) specify that upon reasonable requests, the directors may seek independent professional advice so that directors can properly discharge their responsibilities to the Company. The costs for engaging professional advice shall be borne by the Company. In the case of professional fees exceeding HK\$500,000, prior discussion with the Executive Board Committee is required.

The Company will convene board meetings to discuss and consider all contemplated significant transactions, connected transactions or notifiable transactions as required under the listing rules so as to give all directors an opportunity to attend in person and provide their comments before the Group proceed with the same.

A. 董事 (續)

A.1 董事會 (續)

董事會於二零零五年曾舉行五次會議，會議的議題包括下列事項：

- (a) 審批收購湖北省武黃高速公路經營權45%權益的建議；
- (b) 審批二零零四年度全年業績；
- (c) 審閱二零零五年第一季度業績及業務發展情況；
- (d) 審批二零零五年中期業績；
- (e) 審批增資聯營公司深圳市西部物流有限公司的關連交易；
- (f) 審閱二零零五年第三季度業績及業務發展情況；及
- (g) 國內股權分置改革政策的預報及介紹，以及本集團的應對策略。

A. DIRECTORS (continued)

A.1 Board of directors (continued)

The board of directors held five meetings in 2005 in which the following matters were discussed:

- (a) to consider and approve the proposed acquisition of 45% interest in operating right of Wuhuang Expressway in Hubei Province;
- (b) to consider and approve 2004 annual results;
- (c) to review the results and business development of the first quarter of 2005;
- (d) to consider and approve 2005 interim results;
- (e) to consider and approve the connected transaction in respect of the increase in capital in an associate, Shenzhen Western Logistics Co., Ltd.;
- (f) to review the results and business development of the third quarter of 2005; and
- (g) preview and introduce the share segregation reform policies in PRC and the strategy of the Group.

A. 董事 (續)

A.1 董事會 (續)

下表列示各董事會成員於年內出席會議的詳情：

	出席次數／ 會議次數	出席率
執行董事		
李黑虎 (主席)	5/5	100%
陳 潮 (總裁)	5/5	100%
李景奇	5/5	100%
喬 剛	5/5	100%
劉 軍	5/5	100%
非執行董事		
杜志強	4/5	80%
獨立 非執行董事		
梁銘源	5/5	100%
丁 迅	5/5	100%
聶潤榮	5/5	100%

本公司所有載有董事姓名的通訊中，均明確說明獨立非執行董事的身份。同時，本公司的網站www.szihl.com已設存及提供最新的董事會成員名單，並列明其角色和職能，以及註明其是否獨立非執行董事。

A. DIRECTORS (continued)

A.1 Board of directors (continued)

The attendance details of each member of the board during the year are set out below:

	Meetings attended/held	Attendance Rate
Executive Directors		
Li Hei Hu (<i>Chairman</i>)	5/5	100%
Chen Chao (<i>Chief Executive</i>)	5/5	100%
Li Jing Qi	5/5	100%
Qiao Gang	5/5	100%
Liu Jun	5/5	100%
Non-executive Director		
To Chi Keung, Simon	4/5	80%
Independent non-executive Directors		
Leung Ming Yuen, Simon	5/5	100%
Ding Xun	5/5	100%
Nip Yun Wing	5/5	100%

The independent non-executive directors have been expressly identified as such in all corporate communications that disclose the names of directors of the Company. The Company has also maintained on its website www.szihl.com an updated list of its directors identifying their role and function and whether they are independent non-executive directors.

A. 董事 (續)

A.2 主席及總裁

本公司的主席及總裁為兩個明確劃分的不同職位。本公司的主席和總裁同時為執行董事，分別由李黑虎先生及陳潮先生擔任。主席負責管理董事會的運作，而總裁則負責本集團的日常營運，彼等的職責已清楚界定並以書面列載於本公司的《主席與行政總裁的職責》。

主席負責領導董事會，並確保董事會有效地運作，且履行應有職責，及時就所有重要的事項進行討論。主席負責審批每次董事會會議的議程，當中適當考慮其他董事會成員建議列入議程的事項。主席已確保所有董事適時獲得充分和完備可靠的資訊，並已於每次召開的董事會會議上確保所有董事均適當知悉當前的事項，以保證董事會作出正確的決定。

由二零零五年開始，主席與非執行董事（包括獨立非執行董事）至少每年舉行一次沒有執行董事出席的會議。

總裁負責領導管理層，負責本集團的日常運作。總裁負責執行公司策略並適時向董事會匯報，按照董事會的授權履行職責及行使權力，並適當運用本集團的資源以提升本集團整體的盈利。

A. DIRECTORS (continued)

A.2 Chairman and Chief Executive

The Chairman and the Chief Executive of the Company are two distinct and separate positions, which are held by Mr. Li Hei Hu and Mr. Chen Chao respectively, and they are both executive directors. The Chairman is responsible for running the board whereas the Chief Executive is responsible for day-to-day operations of the Group. The division of responsibilities between them has been clearly established and set out in written form as "The Roles of the Chairman and Chief Executive" of the Company.

The Chairman is responsible for providing leadership to the Board and to ensure that the board works effectively and discharges its responsibilities, and that all key issues are discussed in a timely manner. The Chairman is responsible for approving the agenda of each board meeting taking into account, where appropriate, any matters proposed by other directors for inclusion in the agenda. The Chairman has ensured that all directors have been provided adequate, complete and reliable information in a timely manner, and that all directors are properly briefed on issues arising at each board meeting to enable the board to make sound decisions.

From 2005 onwards, the Chairman arranges meetings at least once annually with non-executive directors (including independent non-executive directors) without the presence of executive directors.

The Chief Executive takes the lead of the management and is responsible for the day-to-day operations of the Group. He is also responsible for the implementation of the Company's strategy and reports to the board on a timely manner. In addition, the Chief Executive utilises the Group's resources in an appropriate way to enhance the profitability for the Group as a whole so as to discharge and exercise his responsibilities and power as delegated by the board.

A. 董事 (續)

A.3 提名委員會

本公司的提名委員會於二零零三年十二月成立，由三位成員組成，其中兩位為獨立非執行董事。提名委員會的成員為丁迅先生(主席)、梁銘源先生及李景奇先生。

本公司已書面制定提名委員會的職權範圍書，清楚說明委員會的職權和責任，其中包括：

- (a) 物色具備合適資格可擔任董事的人士；
- (b) 考核董事候選人的資歷、經驗及獨立董事候選人的獨立性；
- (c) 考核每年於股東週年大會上需輪值告退及重選的董事的資歷及經驗；
- (d) 評核獨立非執行董事的獨立性及資格；及
- (e) 定期向董事會匯報委員會的工作，並向董事會提交適當的建議。

提名委員會就(1)提名及考核董事候選人及(2)考核將於股東週年大會上輪值告退並願意膺選連任的董事已制定特定的程序。

A. DIRECTORS (continued)

A.3 Nomination Committee

The Nomination Committee of the Company was established in December 2003. The Nomination Committee consists of three members, two of whom are independent non-executive directors. Members of the Nomination Committee include Mr. Ding Xun (Chairman), Mr. Leung Ming Yuen, Simon and Mr. Li Jing Qi.

The Nomination Committee has been established with specific written terms of reference which deal clearly with the Committee's authority and duties, among which including:

- (a) identify individuals suitably qualified to be a director;
- (b) assess the qualification and experience of candidates for directors and the independence for independent directors;
- (c) assess and review qualification and experience of directors who are subject to retirement by rotation and re-election at each annual general meeting;
- (d) assess the independence and qualification of independent non-executive directors; and
- (e) report on the work of the committee and make proper recommendations to the board on a regular basis.

Nomination Committee has established specific procedures in respect of (1) nomination and assessment of director candidates and (2) assessment of the directors who are subject to retirement by rotation and offer themselves for re-election at the forthcoming annual general meeting.

A. 董事 (續)

A.3 提名委員會 (續)

在提名及考核新執行董事候選人的過程中，董事會主席及總裁可協助並對有關委任提出參考建議；但在提名及考核新非執行董事及獨立非執行董事候選人時，則由提名委員會全權負責。提名委員會根據董事候選人的學歷、專業資格、工作經驗及誠信等方面進行考核。如提名及考核新獨立非執行董事候選人時，提名委員會將參考其他因素，包括根據上市規則有關獨立非執行董事獨立性的要求、候選人於其他上市公司、機構及組織擔任的職位的數目、性質、重大承諾及所需時間等。最後，提名委員會向董事會匯報考核結果及作出推薦建議，並由董事會就正式委任作最後審批。

提名委員會於考核將於股東週年大會上輪值告退並願意膺選連任的董事的工作表現時，根據被考核的董事於以往出席本公司的董事會、董事會轄下的專業委員會及股東大會的出席率及於會上的參與程度、擔任的所有職務、承諾及時間分配等因素後，作出對有關董事連任的建議，並由董事會作最後審批，被考核的董事須於投票是項決議時放棄其投票權。

A. DIRECTORS (continued)

A.3 Nomination Committee (continued)

In the process of nominating and assessing new candidates for executive directors, the Chairman of the board and the Chief Executive may assist in and make recommendations in respect of such appointment. While in nominating and assessing new candidates for non-executive directors and independent non-executive directors, Nomination Committee will assume full responsibility. Nomination Committee assesses directors candidates based on their educational backgrounds, professional qualifications, work experience and integrity. In the case of candidates for independent non-executive directors, other factors will be considered by the Committee, such as requirements of independence of independent non-executive directors under the listing rules. The Nomination Committee will also have regards on the number of directorship, nature, significant commitment and required time that such candidates played in other listed companies, associations and organisations. Finally, Nomination Committee reports the results of such assessment and makes recommendations to the board and subject to its final approval with respect to a duly appointment.

When evaluating the performance of directors who are subject to retirement by rotation and offer themselves for re-election at the forthcoming annual general meeting, the Nomination Committee will take into account such factors as the attendance rate, level of involvement, positions held, commitments and time deployed of such directors under evaluation in previous board meetings, meetings of specialised committees under the board and general meetings of the Company. Thereafter, the Nomination Committee will make recommendations regarding the re-election of such directors, and subject to the final approval of the board. The directors being evaluated shall abstain from voting in respect of such resolution.

A. 董事 (續)

A.3 提名委員會 (續)

於二零零五年，並無任何人士獲提名填補董事會空缺。提名委員會於二零零五年曾舉行一次會議，就需於二零零五年股東週年大會上輪值告退的董事的工作作出評估及建議。各委員會成員於二零零五年內的會議出席率均為100%。

本公司每位董事均與本公司訂立服務合約，由二零零五年六月一日起計為期三年，惟各董事須根據本公司細則於股東週年大會上輪值告退並膺選連任。任何擬於即將舉行的股東週年大會上重選連任的董事概無與本公司訂立任何不能由本公司於一年內終止而免付補償(法定補償除外)的服務合約。

本公司細則已訂明所有為填補臨時空缺或於年中被委任的董事，需在接受委任後的首次股東週年大會上接受股東選舉。此外，為符合每名董事(包括有指定任期的董事)應至少每三年輪流退任一次的規定，董事會建議於二零零六年股東週年大會上提呈一項特別決議案，修訂公司細則以反映上述守則條文的規定。

A. DIRECTORS (continued)

A.3 Nomination Committee (continued)

There was no nomination of directors to fill board vacancy in 2005. The Nomination Committee held one meeting in 2005 for evaluation and recommendation as to the performance of the directors who were subject to retirement by rotation at the 2005 annual general meeting. The attendance rate of each member of the committee in 2005 was 100%.

Each director of the Company entered into a service contract with the Company for a term of three years commencing on 1 June 2005 and are subject to retirement by rotation but are eligible for re-election at the annual general meeting in accordance with the Bye-Laws of the Company. None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Company's Bye-Laws have specified that each director appointed to fill a casual vacancy or appointed during the year shall subject to election by shareholders at the first annual general meeting after their appointments. Moreover, to comply with the requirement that each director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years, the board proposes a special resolution at the 2006 annual general meeting to amend the Bye-Laws to reflect the above requirement under the Code Provisions.

A. 董事 (續)

A.3 提名委員會 (續)

董事會已接獲每位獨立非執行董事就其獨立性而呈交的年度確認書。本公司認為，根據載列於上市規則的規定，所有獨立非執行董事均獨立於本公司。

A.4 董事責任

本公司已為新委任的董事制定《新委任董事就任須知》，向新委任董事提供相關資料及文件，以助其瞭解董事的職責及本公司的運作。本公司亦會安排新委任董事於接受委任的首星期內，與管理層代表、財務部主管、公司秘書部主管等進行會議，以介紹公司的業務運作及董事的職責。

本公司已為董事安排合適的責任保險，以保障彼等因企業活動而引起的責任賠償。該保險總額於每年進行檢討。

A.5 董事及有關僱員進行證券交易的標準守則

董事會已於二零零五年八月，就本集團有關董事及有關僱員進行本公司的證券交易，採納一套行為守則，該守則的條款較上市規則所轉載有關上市發行人董事進行證券交易的標準守則（「標準守則」）所要求的標準嚴謹。有關僱員包括本公司任何因其職務或僱員關係而可能會擁有關於本集團的未公開股價敏感資料的僱員，又或本公司附屬公司或母公司的此等董事或僱員。

A. DIRECTORS (continued)

A.3 Nomination Committee (continued)

The board has received from each independent non-executive directors a written annual confirmation of their independence and the Company considers that all of the independent non-executive directors are independent pursuant to the requirements as set out in the listing rules.

A.4 Responsibilities of directors

The Company has established “An Induction for Newly Appointed Directors” to provide newly appointed directors with related materials and documents to ensure proper understanding of director’s duties and operations of the Company. The Company will also facilitate the newly appointed directors to meet with the representatives of the management, head of finance department and head of company secretarial department, within the first week after their appointment, to provide an introduction on the business and operation of the Company and responsibilities of directors.

The Company has arranged for appropriate directors and officers liability insurance to indemnify its directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

A.5 Model code for securities transactions by directors and relevant employees

In August 2005, the board adopted a code of conduct in respect of securities transactions of the Company by relevant directors and employees of the Group on terms more stringent than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) under the listing rules. Relevant employees include any employees of the Company or directors or employees of subsidiaries or holding company of the Company who, as a result of their office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Group.

A. 董事 (續)

A.5 董事及有關僱員進行證券交易的標準守則 (續)

根據本公司向董事作出的特定查詢，所有董事於本年度內均一直遵守標準守則所規定的標準。

A.6 資料提供及使用

董事會會議議程及相關會議文件全部及時送交全體董事，並於安排舉行會議日期七天前送交每位董事。

本公司的管理層已向董事會及其轄下各專業委員會提供充足、完整及可靠的適時資料，以使董事能夠在掌握有關資料的情況下作出決定。董事會及每名董事均可自行接觸本公司的高級管理人員。

為加強溝通，本公司特設內聯網以供本公司董事及董事會轄下各專業委員會成員隨時查閱董事會及相關委員會的會議資料及文件。

A. DIRECTORS (continued)

A.5 Model code for securities transactions by directors and relevant employees (continued)

The Company, having made specific enquiry to the directors, confirms that all directors have complied with the standards set out in the Model Code at all times throughout the year.

A.6 Supply of and access to information

An agenda of the board meeting and the accompanying board papers are sent in full to all directors on a timely manner and at least seven days before the intended date of the meeting.

The management of the Company supply the board and its specialised committees with adequate, complete and reliable information on a timely manner to enable directors to make informed decisions. The board and each director have separate and independent access to the Company's senior management.

To enhance communications, the Company has particularly established an on-line intranet for the directors of the Company and the members of all specialised committees under the board to have access to meeting materials and documents of the board and related committees.

B. 董事及高管人員的薪酬

B.1 薪酬委員會

薪酬委員會於二零零三年十二月成立，由三位成員組成，其中兩位為獨立非執行董事。薪酬委員會的成員為丁迅先生（主席）、梁銘源先生及李景奇先生。

薪酬委員會的職能為設立正規而透明的程序及政策，以制定董事及高級管理人員的薪酬機制。本公司已書面制定薪酬委員會的職權範圍書，清楚說明委員會的職權和責任，其中包括：

- (a) 釐定董事及高級管理人員的薪酬水平、政策及架構，及設立正規而具透明度的程序制訂此等薪酬政策；
- (b) 透過參照董事會不時通過的公司目標，檢討及批准按表現而釐定的薪酬；
- (c) 檢討及建議董事及高級管理人員的薪酬水平，確保任何董事或管理人員或彼等的任何聯繫人不得參與釐訂其薪酬；及
- (d) 釐訂全體執行董事及高級管理人員的特定薪酬待遇，包括非金錢利益、退休金及賠償金額（包括喪失或終止職務或委任的賠償）。

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

B.1 Remuneration Committee

The Remuneration Committee was established in December 2003 and consists of three members, two of whom are independent non-executive directors. Members of the Remuneration Committee include Mr. Ding Xun (Chairman), Mr. Leung Ming Yuen, Simon and Mr. Li Jing Qi.

The function of the Remuneration Committee is to establish a formal and transparent procedure and policy for setting a remuneration mechanism of directors and senior management. The Remuneration Committee has been established with specified written terms of reference which clearly stated the Committee's authority and duties, among which including:

- (a) to determine the level, policy and structure of remuneration of directors and senior management, and to establish a formal and transparent procedure for developing policy on such remuneration;
- (b) to approve performance-based remuneration by reference to corporate goals and objectives resolved by the board from time to time;
- (c) to review and make recommendations in respect of the remuneration level of directors and senior management, and to ensure that no director or management or any of their associates is involved in deciding his/her own remuneration; and
- (d) to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension fund and compensation payments (including any compensation payable for loss or termination of their office or appointment).

B. 董事及高管人員的薪酬 (續)

B.1 薪酬委員會 (續)

薪酬委員會就執行董事的薪酬建議已諮詢總裁。本公司各董事的袍金及其他酬金的詳情載於財務報表附註31。

薪酬委員會於二零零五年曾舉行兩次會議，主要目的為檢討及審批董事及高級管理人員的薪酬方案及薪酬機制，以及審議本公司與各董事及高級管理人員的服務合約並提呈予董事會審批。於釐定董事及高級管理人員的薪酬方案時，委員會已參考兩家獨立外聘人力資源顧問所作的市場薪酬調查及建議書。支付予執行董事的薪酬乃根據彼等的經驗及於本集團的職責釐定，而支付予獨立非執行董事之費用乃根據預計彼等需要為本集團事務投入之時間而釐定。下表列示各委員會成員於二零零五年內出席會議的詳情：

	出席次數／ 會議次數	出席率
丁 迅 (主席)	2/2	100%
梁銘源	2/2	100%
李景奇	2/2	100%

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (continued)

B.1 Remuneration Committee (continued)

The Remuneration Committee has consulted the Chief Executive on the remuneration proposals of executive directors. Details of the directors' fee and other emoluments of the directors of the Company are set out in note 31 to the financial statements.

Two Remuneration Committee meetings were held in 2005 to review and approve the remuneration scheme and remuneration mechanism of the directors and senior management, and to review the service contracts entered into between the Company and each of the director and senior management and submit the same to the board for approval. In determining the remuneration scheme of the directors and senior management, the committee has referred to the market remuneration researches and proposals made by two independent external human resources consultants. The emoluments paid to the executive directors are determined by reference also to their respective experiences and duties with the Group and the fees paid to the independent non-executive directors are determined by reference to the estimated time to be spent by them on the Group's matters. The attendance records of each member of the committee in 2005 are set out below:

	Meetings attended/held	Attendance Rate
Ding Xun (<i>Chairman</i>)	2/2	100%
Leung Ming Yuen, Simon	2/2	100%
Li Jing Qi	2/2	100%

C. 問責及核數

C.1 財務匯報

管理層已按審核委員會的要求，提供本集團二零零五年度業績及財務報表。經審核委員會審議，審核委員會同意二零零五年度財務報表及其所披露的有關資料已屬完備、準確及公正後，方提呈予董事會審批，讓董事會作出有根據的評審。

董事承認彼等有編製財務報表的責任，編製真實及公平地反映本集團財務狀況、業績及現金流量的財務報表。於編製截至二零零五年十二月三十一日止年度的財務報表時，董事會揀選了適當的會計政策，並貫徹地應用；作出審慎合理的判斷及估計；並按持續營運的基準編製財務報表。

核數師對股東所負的責任載於本年報第91頁。

C.2 審核委員會

審核委員會於一九九五年成立。由三位獨立非執行董事組成，分別為梁銘源先生(主席)、丁迅先生及聶潤榮先生。於制定及採納審核委員會的職權範圍書時，董事會已參照香港會計師公會頒佈的「成立審核委員會指引」。

C. ACCOUNTABILITY AND AUDIT

C.1 Financial reporting

The management had provided the results and financial statements for 2005 to the Audit Committee for review in accordance with the stated requirements of the Audit Committee. The Audit Committee confirmed that the financial statements for 2005 and the related information disclosed therein was complete, accurate and fair and thereafter the 2005 financial statements had been submitted to the board for approval to ensure the board is able to make an informed assessment.

The directors acknowledge their responsibility for preparing financial statements that give a true and fair view of the financial position, results and cash flow of the Group. In preparing the financial statements for the year ended 31 December 2005, the board has selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent and reasonable and have prepared the financial statements on a going concern basis.

The responsibilities of the auditors to the shareholders are set out on page 91 in this annual report.

C.2 Audit Committee

The Audit Committee was established in 1995. The Audit Committee consists of three independent non-executive directors, namely Mr. Leung Ming Yuen, Simon (Chairman), Mr. Ding Xun and Mr. Nip Yun Wing. In establishing and adopting the terms of reference of the Audit Committee, the board had regard to the "Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants.

C. 問責及核數 (續)

C.2 審核委員會 (續)

根據審核委員會職權範圍書，審核委員會就本集團審計範圍內的事項擔任董事會與本公司核數師之間的重要橋樑。審核委員會主要負責履行以下職務：

- (a) 就本公司核數師之委聘、更替及罷免，作出討論及向董事會提出建議、批准核數師的薪酬及聘用條款，及處理任何有關核數師辭職或辭退核數師的事宜；
- (b) 監察本公司的財務報表、中期報告及年度報告的完整性，並審閱報表及報告所載有關財務申報的重大意見；
- (c) 檢討本集團的財務監控、內部監控及風險管理制度，以及審閱本集團載於年度報告中有關內部監控系統之聲明；
- (d) 與管理層討論內部監控系統，確保管理層已履行職責建立有效的內部監控系統；及
- (e) 評核本集團內部審計程序、確保內部審計人員與核數師互相配合及本集團內部審計部門有足夠資源發揮作用並享有本集團內應有的地位；以及檢討及監察內部審計功能是否有效。

C. ACCOUNTABILITY AND AUDIT (continued)

C.2 Audit Committee (continued)

Under the terms of reference of the Audit Committee, the committee performs the key link between the board and the auditors of the Company in respect of the audit works of the Group. The main functions of the Audit Committee are as follows:

- (a) to discuss and make recommendation to the board on the appointment, replacement and removal of the auditors of the Company, and to approve the remuneration and terms of engagement of the auditors, and any matters of resignation or dismissal of the auditors;
- (b) to monitor the integrity of financial statements, interim report and annual report of the Company, and to review significant opinions in respect of the financial reporting contained in them;
- (c) to review the Group's financial controls, internal control and risk management systems, and to review the Group's statement on internal control systems contained in the annual report;
- (d) to discuss with the management on the internal control system and to ensure the management has discharged its duty to established an effective internal control system; and
- (e) to assess the internal audit procedure of the Group, to ensure co-ordination between the internal audit personnel and auditors, to ensure the Group's internal audit department is provided with adequate resources and has appropriate status within the Group, and to review and monitor the effectiveness of the internal audit function.

C. 問責及核數 (續)

C.2 審核委員會 (續)

審核委員會於二零零五年曾舉行三次會議，與管理層及核數師一起討論及審閱下列事宜：

- (a) 審閱二零零四年度全年業績及二零零五年中期業績，並同意財務報告所披露的有關資料已屬完備、準確及公正後，提呈予董事會審批；
- (b) 審議本集團所採用的主要會計政策；及
- (c) 檢討及審議由內部審計部門定期出具的內部監控報告及評估報告。

審核委員會每年均與本公司核數師在管理層避席的情況下進行至少一次會議。下表列示各委員會成員於二零零五年內出席會議的詳情：

	出席次數／	
	會議次數	出席率
梁銘源 (主席)	3/3	100%
丁 迅	2/3	67%
聶潤榮	3/3	100%

C. ACCOUNTABILITY AND AUDIT (continued)

C.2 Audit Committee (continued)

Three Audit Committee meetings were held in 2005 to discuss and review the following matters together with the management and the auditors:

- (a) to review the annual results for 2004 and the interim results for 2005, and to consider the related disclosure in the financial statements were complete, accurate and fair and to submit the same to the board for approval;
- (b) to consider the principal accounting policies adopted by the Group; and
- (c) to review and consider the internal control report and assessment report regularly presented by the internal audit department.

The Audit Committee meets the auditors of the Company at least once annually in the absence of the management. The attendance records of each member of the committee in 2005 are set out below:

	Meetings attended/held	Attendance Rate
Leung Ming Yuen, Simon (Chairman)	3/3	100%
Ding Xun	2/3	67%
Nip Yun Wing	3/3	100%

C. 問責及核數 (續)

C.3 內部監控

C.3.1 內部監控系統

董事會全權負責本集團的內部監控系統，並通過審核委員會檢討其效能。董事會規定管理層設立及維持穩健妥善而有效的內部監控系統。

為提升企業管治水平，保障股東的投資及集團的資產，本集團由二零零五年年初起，根據企業管治守則的指引，充分考慮了監控環境、風險評估、監控活動、資訊及溝通、監察等內部監控元素的基礎上，有系統地開展對內部監控系統的審閱及檢討，目標為制定一個有效及完善的集團內部監控系統。

在此以前，本集團各主要附屬公司均已建立了一系列有效、嚴密的企業內部監控規章管理制度，於年內建立的企業內部監控系統是在現有的內部規章制度的基礎上修訂而成。為此，本集團各主要附屬公司按照集團的要求，根據各自經營管理特點，從控制環境和控制程序上完成了企業內部控制系統的編製。隨後，本集團的內部審計部門按計劃對各主要附屬公司進行內部控制系統的測試與評估，對其試運行情況和效果進行分析，判斷該等內部控制系統的完善程度，是否能達到預期的內部監控目標，對系統控制的不足，提出改善意見並積極協助各主要附屬公司進行完善。

C. ACCOUNTABILITY AND AUDIT (continued)

C.3 Internal controls

C.3.1 Internal control system

The board is fully responsible for the Group's internal control system and the effectiveness of which is reviewed by the Audit Committee. The board requires the management to establish and maintain a sound and effective internal control system.

To improve the level of corporate governance and safeguard shareholders' investment and the Group's assets, since the beginning of year 2005 and under the guidance of the CG Code, the Group has performed a comprehensive review for the internal control system systematically based on sufficient consideration of internal controls factors including monitoring environment, risk assessment, monitoring activities, information and communication, and supervision, with an aim to establish an effective and comprehensive internal control system within the Group.

Before that, all principal subsidiaries of the Group had already established a variety of effective and stringent regulations and management system for corporate internal controls, and the corporate internal control system established during the year was based on the amendments to those existing internal regulation systems. As such, subject to the requirements of the Group, all principal subsidiaries of the Group completed the preparation of corporate internal control system in respect of control environment and control procedure with reference to their respective operational and managerial characteristics. Subsequently, the Group's internal audit department carried out test and assessment on the internal control systems of all principal subsidiaries, analysed the status and results of their trial operations, determined whether these internal control systems meet the expected internal control objectives, and made advice on improving the weakness of the system control and proactively provided corresponding assistance.

C. 問責及核數 (續)

C.3 內部監控 (續)

C.3.1 內部監控系統 (續)

本集團內部監控系統涵蓋所有重要的監控要求，包括財務監控、運作監控、合規監控以及風險管理功能；財務監控重點是對資金管理、應付款項、固定資產管理、費用管理與預算、貸款、會計核算、成本、收入、稅務等財務管理作了規定；合規監控重點對本集團遵守有關的法規、董事會的工作程序及簽訂合約前的法律諮詢及審批程序等作出規定；運作監控重點對投資管理、合同簽訂、採購等業務操作流程作出規定；風險監控主要規範集團於投資、日常經營活動等對來自內部、外部風險的識別與規避，包括對規避匯率風險、利率風險作出規定。

本公司董事會已於二零零五年度對本集團內部監控系統和風險管理進行了全面檢討，沒有發現存在任何重大監控失誤或重大監控弱項，執行情況良好，董事會認為該等制度是有效和足夠的，並為達致集團的經營管治目標提供了保障。

董事會將繼續定期對內部監控系統進行評審，在具體執行上，董事會要求管理層每年年底對內部監控系統及風險管理的執行情況進行總結，並通過內部審計部門按持續基準進行每年一次的詳盡評估。評估涵蓋所有重要的監控方面，包括財務監控、運作監控、合規監控以及風險管理功能，並將定期向審核委員會提交專項報告及適時向董事會作匯報。

C. ACCOUNTABILITY AND AUDIT (continued)

C.3 Internal controls (continued)

C.3.1 Internal control system (continued)

The internal control system of the Group covers all material control requirements, including financial controls, operational controls, compliance controls and risk management functions. Financial controls mainly make rules in respect of funding management, payables, fixed assets management, expenses management and budgeting, loan, accounting and auditing, cost, income and taxation, etc; compliance controls mainly make rules in respect of the Group's compliance with relevant laws, the board's functioning procedures, legal consultation and approval procedure before entering into contracts; operational controls mainly make rules in respect of business operation flow, including investment management, contract making and purchasing; risk controls mainly provide rules for the Group to identify and avoid internal and external risks in investment and ordinary business activities, including making rules in respect of avoiding exchange rate risk and interest rate risk.

The board of the Company has comprehensively reviewed the Group's internal control systems and risk management in year 2005 with execution in good condition and no significant control failures or weaknesses were noted. The board considered that these system of internal controls were effective and sufficient to guarantee the Group in achieving its operation and governance objectives.

The board will continue to carry out regular review on the internal control system. The board specifically require the management to summarise the execution state of internal control system and risk management at the end of each year and carry out a comprehensive assessment annually through the internal audit department on an on-going basis. The assessment shall cover all material controls, including financial, operational and compliance controls and risk management functions. The management will regularly present particular report to the Audit Committee and report to the Board in a timely manner.

C. 問責及核數 (續)

C.3 內部監控 (續)

C.3.2 內部審計部

本集團於二零零二年成立了內部審計部門，以完善本集團整體的匯報及內部監控的機制。內部審計部的主要工作包括策劃、組織建立集團內部控制體系、對集團擬進行投資的項目進行財務審慎調查、對各附屬公司過去一年的財務及內部控制進行審計等工作，並定期向審核委員會就工作進度及內部審計過程中發現的重大事項、風險等作出匯報並提出改善建議，目的為進一步確保集團資產能有效運用及增值，使股東的利益得到更佳保障。

C. ACCOUNTABILITY AND AUDIT (continued)

C.3 Internal controls (continued)

C.3.2 Internal audit department

The internal audit department of the Group was established in 2002 to improve the overall reporting and internal control system of the Group. The main functions of the internal audit department include planning, organising and building up the internal control system of the Group, performing financial due diligence on proposed investment projects of the Group, conducting auditing works on the financial and internal controls of each subsidiary in 2005, and reporting on a regular basis to the Audit Committee on, among others, its working progress and any material matters and risks found in the internal audit process and making recommendations for improvement thereof. All these aim at ensuring the efficient utilisation and adding value to the Group's assets and providing a better protection to shareholders' interests.

C. 問責及核數 (續)

C.4 核數師

本集團的核數師為羅兵咸永道會計師事務所。於年內，本集團的核數師為本集團提供審計及非審計服務的相關費用詳情如下：

項目
Items

二零零五年度財務報告審計費用
Fees for audit of 2005 financial statements

審閱二零零五年中期財務報告費用
Fees for review of 2005 interim financial statements

二零零五年度集團其他附屬機構的審計費用
Audit fees of other entities of the Group for 2005

有關收購武黃高速公路的申報會計師服務
Reporting Accountants' services in relation to the acquisition
of Wuhuang Expressway
— 審計 Audit
— 其他 others

總數 Total

審核委員會已對羅兵咸永道會計師事務所的審計費用、程序與效用、獨立性及客觀性作出檢討，並建議董事會在應屆股東週年大會上，續聘其為本公司二零零六年度的核數師。

C. ACCOUNTABILITY AND AUDIT (continued)

C.4 Auditors

The auditors of the Company is PricewaterhouseCoopers. Details of the fees in relation to the audit and non-audit services provided by the Company's auditors during the year were as follows:

截至二零零五年十二月三十一日止年度
已收取費用

Fees charged for the year
ended 31 December 2005
港幣千元
HK\$'000

1,830

300

158

1,035

180

3,503

The Audit Committee has reviewed the audit fees, procedures and effectiveness, independence and objectiveness of PricewaterhouseCoopers and recommended to the board their reappointment as the Company's auditors in 2006 at the forthcoming annual general meeting.

D. 董事會與管理層權限的劃分

D.1 管理層功能

董事會負責制訂集團的整體策略，監察及控制集團的表現，而董事會將其管理及行政功能的權力轉授予管理層，並成立執行董事委員會以代表董事會負責管理及監察本集團日常業務的運作及落實董事會的所有決策。本集團的重要事項需要董事會審批，包括(但不限於)以下事項：

- (a) 委任董事；
- (b) 審批財務報表；
- (c) 審批本集團按照上市規則規定而須予公佈的交易；
- (d) 訂立由監管機構規定或要求的政策及守則；
- (e) 成立董事會轄下專業委員會；
- (f) 委聘核數師等。

為給予清晰的指引，執行董事委員會的職責及權限已載列於職權範圍書，主要包括：

- (a) 監察本集團所有業務的運作；
- (b) 制定及通過本集團的業務方案及年度預算；
- (c) 授權行政總裁處理本集團日常業務，及授權個別執行董事處理本集團不同部門的日常工作；
- (d) 審議本集團按照上市規則規定而須予公佈的交易，並向董事會提出建議；

D. DIVISION OF AUTHORITIES BETWEEN THE BOARD AND THE MANAGEMENT

D.1 Functions of the management

The board is responsible for formulating overall strategy, monitoring and controlling the performance of the Group and the board delegates its management and administration functions to the management, and establishes the Executive Board Committee to manage and monitor, on behalf of the board, the day-to-day operations of the Group and to implement all decisions made by the board. Significant matters of the Group are required to be approved by the board, including, but not limited to, the following:

- (a) appointment of directors;
- (b) approval of financial statements;
- (c) approval of notifiable transactions of the Group as required under the listing rules;
- (d) formation of policies and codes as required by regulators;
- (e) formation of board committees;
- (f) appointment of auditors; etc

In order to give a clear guidance, the duties and authorities of the Executive Board Committee are set out in its written terms of reference, mainly including:

- (a) to monitor all business operations of the Group;
- (b) to prepare and approve the Group's business plans and annual budget;
- (c) to authorise the Chief Executive to deal with the ordinary business of the Group and to authorise individual executive directors to deal with the daily operation of various departments of the Group;
- (d) to consider and review notifiable transactions of the Group as required under the listing rules and advise the board thereon;

D. 董事會與管理層權限的劃分 (續)

D.1 管理層功能 (續)

- (e) 按審核委員會的要求，提供本集團的資料及報告、出席以及安排本集團管理人員及專業顧問出席審核委員會會議並於會上解答審核委員會提出的疑問；
- (f) 為董事會轄下的委員會安排委聘專業顧問或機構，以提供協助及意見；及
- (g) 處理董事會指派的其他工作及行使所授予的權力。

執行董事委員會須適時向董事會匯報其決定或建議，而有關重大事項及決定的委員會會議記錄均於合理時間內向董事會成員傳閱。

執行董事委員會的成員由董事會委任並由五位執行董事組成，分別為李黑虎先生、陳潮先生、李景奇先生、喬剛先生及劉軍先生。該委員會獲董事會正式授權。

E. 與股東的溝通

E.1 有效溝通

在本公司的股東大會上，會議主席會就每項實際獨立的事宜(包括重選董事)個別提出決議案。

D. DIVISION OF AUTHORITIES BETWEEN THE BOARD AND THE MANAGEMENT (continued)

D.1 Functions of the management (continued)

- (e) to provide information and reports of the Group upon requests by the Audit Committee, to attend and to arrange the management staff of the Group and professional advisors attending the Audit Committee meeting, and answering questions raised by the Audit Committee at such meetings;
- (f) to arrange appointment of professional advisors and institutions to provide assistance and advices for specialised committees under the board; and
- (g) to handle all other duties assigned by the board and to exercise the authorities delegated to it by the board.

The Executive Board Committee reports its decisions and recommendations to the board on a timely manner, and the minutes of meetings of the committee in relation to material matters and decisions are circulated to members of the board for information within a reasonable time.

Members of the Executive Board Committee were appointed by the Board. The committee consists of five executive directors, namely Mr. Li Hei Hu, Mr. Chen Chao, Mr. Li Jing Qi, Mr. Qiao Gang and Mr. Liu Jun. The committee was duly authorised by the board.

E. COMMUNICATION WITH SHAREHOLDERS

E.1 Effective Communication

In respect of each substantially separate matters (including re-election of directors) at general meetings of the Company, separate resolutions are proposed by the Chairman of that meeting.

E. 與股東的溝通 (續)

E.1 有效溝通 (續)

董事會、審核委員會、薪酬委員會及提名委員會的主席，均已出席二零零五年舉行的股東週年大會，以回答股東的提問。於同年十二月八日舉行的股東特別大會上，審批關連交易的議案時，獨立董事委員會的代表亦有出席該股東大會以回應各股東的提問。

本公司不時利用其網址發放有關本集團的業務、財務及其他資料，藉以促進與股東的溝通。

E.2 以投票方式表決股東議案

本公司於所有致股東的通函內，已載列以投票方式表決議案的程序。

於本年度內，本公司舉行的股東大會，已點算所有委任代表投票的票數，如以舉手方式表決，大會主席均在會上表明每項決議案的委任代表投票比例，以及贊成和反對票數，並已將所有票數適當點算及記錄在案。於審批關連交易而召開的股東特別大會上，提呈大會表決的決議案已按股數投票方式進行表決。

股東大會主席於會議開始時，已向出席的股東清楚解釋(a)股東要求以按股數投票方式表決的權利及(b)正式以按股數投票方式進行表決的詳細程序。

以按股數投票方式表決的投票結果，本公司將予以刊發公告。

E. COMMUNICATION WITH SHAREHOLDERS (continued)

E.1 Effective Communication (continued)

The Chairmen of the board, the Audit Committee, Remuneration Committee and Nomination Committee attended the annual general meeting held in 2005 to answer questions raised by shareholders. When considering and approving a resolution in relation to connected transaction at the special general meeting held on 8 December 2005, a representative of the independent board committee also attended such meeting to answer questions raised by shareholders.

The Company publishes on its website information in respect of the business, financial and other affairs of the Group from time to time in order to promote the communications with its shareholders.

E.2 Voting by poll on shareholders' resolutions

Procedures to demand a poll are set out in all circulars issued to the shareholders of the Company.

During the year, the Company had counted all proxy votes at its general meetings. The Chairman of the meeting indicated to the meeting the level of proxies lodged on each resolution and the balance for and against the resolution, after it has been dealt with on a show of hands, all votes cast were properly counted and recorded. At special general meeting held for considering and approving a connected transaction, the resolution proposed at the meeting are put to vote by way of a poll.

Before commencement of the general meeting, the Chairman of general meetings explains clearly to the shareholders present (a) the rights of shareholders to demand a poll; and (b) the detailed procedures for conducting a poll.

The Company will make announcement on all poll results.