

Corporate Governance

Maintaining an effective and solid corporate governance framework is one of the top priorities of the Company. This involves disclosure of our corporate practices to our shareholders in our Annual Report. The Code of Best Practice set out in Appendix 14 of the Main Board Listing Rules is replaced by the introduction of the “Code on Corporate Governance Practices and Corporate Governance Report” by the Stock Exchange in November 2004 (“CG Code”). We have complied with the CG Code throughout the accounting year ended December 31, 2005, except for deviations from Code Provision A.2.1 which is explained in the following relevant paragraphs.

The corporate governance principles of the Company emphasise a quality board, sound internal control, and transparency and accountability to all shareholders.

A. DIRECTORS

A.1 The Board

An issuer should be headed by an effective board which should assume responsibility for leadership and control of the issuer and be collectively responsible for promoting the success of the issuer by directing and supervising the issuer’s affairs. Directors should take decisions objectively in the interests of the issuer.

We are governed by a board of Directors (“Board”) which assumes the responsibility for leadership and control of the Company. Our Directors are collectively responsible for promoting the success of the Company by directing and supervising the affairs of the Company.

企業管治

保持一個有效及穩固之企業管治架構乃本公司最優先考慮事項之一。此舉包括於本公司年度報告中向本公司股東披露本公司企業常規。主板上市規則附錄十四載列之最佳應用守則已由聯交所於二零零四年十一月採用之「企業管治常規守則及企業管治報告」（「企業管治守則」）取而代之。於截至二零零五年十二月三十一日止會計年度，本公司一直遵守企業管治守則，惟偏離守則條文第A.2.1條。於下文有關段落會說明此項偏離。

本公司企業管治原則強調高素質之董事會、穩健之內部監控，以及對全體股東具有透明度及問責性。

A. 董事

A.1 董事會

發行人應以一個行之有效的董事會為首；董事會應負有領導及監控發行人的責任，並應集體負責統管並監督發行人事務以促使發行人成功。董事應該客觀行事，所作決策須符合發行人利益。

本公司由負責領導及監控本公司之董事會（「董事會」）管治。本公司董事集體負責指導及監督本公司事務以促使本公司成功。

A. DIRECTORS (Continued)**A.1 The Board** (Continued)

The Board meets regularly, normally four times each year at approximately once every three months and additional meetings would be arranged if and when necessary. Regular Board meetings schedules of each year are normally made available to all Directors members at the beginning of the year to provide sufficient notice to give all Directors an opportunity to attend. Special Board meetings will be held when necessary. Matters on transactions where Directors are considered having conflict of interests or material interests would not be dealt with by way of written resolutions and a separate Board meeting shall be held where Independent Non-executive Directors who have no material interests should be present in the meeting. In addition, Directors considered having conflict of interests or material interests in the matters before the Board are required to declare their interests and abstain from voting for the relevant resolution.

Appropriate notices are given to all Directors for attending regular Board meetings and other meetings. A package containing agenda and all the relevant information is normally dispatched to the Directors three (3) days in advance of the relevant meetings.

Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The Company Secretary assists the Executive Chairman in preparing the meeting agenda, and each Director may request the inclusion of items in the agenda. Directors are also consulted to include matters in the agenda for all regular meetings of the Board.

Minutes of the Board meetings are recorded in detail and draft minutes are circulated to all Directors for review and comments before being approved by the Board immediately following the meeting. All the minutes of the meetings are properly kept by the Company Secretary and are available for inspection by the Directors during normal office hours.

A. 董事 (續)**A.1 董事會** (續)

董事會定期開會，通常每年召開四次，大約每三個月一次。倘若或當有需要時亦另安排會議。每年董事會定期會議時間表通常於年初備妥以提前通知所有董事，讓所有董事皆有機會騰空出席。有需要時將舉行特別董事會會議。當董事被認為於交易事項有利益衝突或擁有重大利益，不會以書面決議案處理，而另舉行個別董事會會議，在交易中沒有擁有重大利益之獨立非執行董事須出席該會議。此外，當董事被認為於董事會審議事項中有利益衝突或擁有重大利益，須聲明其利益並放棄有關決議案之投票。

於董事會定期會議及其他會議前均向所有董事發出適當通知。通常於相關會議三天前向董事發出議程及所有相關資料。

董事會會議均由大部分董事親身出席或透過其他電子通訊方法積極參與。公司秘書協助執行主席準備會議議程，各位董事皆有機會提出商討事項列入議程，且向董事徵求意見以將事項列入董事會所有定期會議議程。

董事會會議作詳細記錄，而其初稿均由所有董事傳閱，並表達意見，並於緊隨會議結束後由董事會批准。所有會議記錄由公司秘書妥善保存並可供董事於正常辦公時間查閱。

A. DIRECTORS (Continued)

A.1 The Board (Continued)

Attendance of individual Director at physical Board meetings in 2005:

Number of meeting	會議次數	7
<i>Executive Directors:</i>		
Mr. Wing Sum LEE	李永森先生	0/7 (0%)
Mr. Richard Man Fai LEE	李文輝先生	7/7 (100%)
Mr. Sammy Chi Chung SUEN	孫志冲先生	7/7 (100%)
Mr. Jeff Man Bun LEE	李文彬先生	6/7 (86%)
Mr. Tik Tung WONG	汪滌東先生	7/7 (100%)
Mr. Waison Chit Sing HUI (Note 1)	許捷成先生 (附註1)	0/0 (-)
<i>Non-executive Director:</i>		
Ms. Kam Har YUE	余金霞女士	2/7 (29%)
<i>Independent Non-executive Directors:</i>		
Mr. Boon Seng TAN	陳文生先生	2/7 (29%)
Mr. Raymond Cho Min LEE	李卓民先生	4/7 (57%)
Mr. Ying Kwan CHEUNG (Note 2)	張應坤先生 (附註2)	1/1 (100%)
Mr. Kenji Tak Hing CHAN (Note 2)	陳德興先生 (附註2)	5/6 (83%)
Average attendance rate	平均出席率	68%

Notes:

- Mr. Waison Chi Sing HUI was appointed as an Executive Director on March 16, 2006. Accordingly, he has not attended any of the board meetings in 2005 and his attendance rate has not been taken into account for calculating the average attendance rate for Directors at Board meetings in 2005.
- Mr. Ying Kwan CHEUNG was appointed as an Independent Non-executive Director on November 3, 2005 and one physical meeting of the Board has been held after his appointment. Mr. Kenji Tak Hing CHAN has resigned as an Independent Non-executive Director on November 3, 2005 and six physical meetings of the Board have been held during his term of office in 2005.

A. 董事 (續)

A.1 董事會 (續)

二零零五年董事會會議各董事之出席率：

Number of meeting	會議次數	7
<i>Executive Directors:</i>		
Mr. Wing Sum LEE	李永森先生	0/7 (0%)
Mr. Richard Man Fai LEE	李文輝先生	7/7 (100%)
Mr. Sammy Chi Chung SUEN	孫志冲先生	7/7 (100%)
Mr. Jeff Man Bun LEE	李文彬先生	6/7 (86%)
Mr. Tik Tung WONG	汪滌東先生	7/7 (100%)
Mr. Waison Chit Sing HUI (Note 1)	許捷成先生 (附註1)	0/0 (-)
<i>Non-executive Director:</i>		
Ms. Kam Har YUE	余金霞女士	2/7 (29%)
<i>Independent Non-executive Directors:</i>		
Mr. Boon Seng TAN	陳文生先生	2/7 (29%)
Mr. Raymond Cho Min LEE	李卓民先生	4/7 (57%)
Mr. Ying Kwan CHEUNG (Note 2)	張應坤先生 (附註2)	1/1 (100%)
Mr. Kenji Tak Hing CHAN (Note 2)	陳德興先生 (附註2)	5/6 (83%)
Average attendance rate	平均出席率	68%

附註：

- 許捷成先生於二零零六年三月十六日獲委任為執行董事。因此，彼於二零零五年並無出席任何董事會會議，在計算二零零五年董事會董事平均出席率時並無計算其出席率。
- 張應坤先生於二零零五年十一月三日獲委任為獨立非執行董事，而彼獲委任後舉行了一次董事會會議。陳德興先生已於二零零五年十一月三日辭去獨立非執行董事一職，於其二零零五年任職期間舉行了六次董事會會議。

A. DIRECTORS (Continued)**A.1 The Board** (Continued)

The Company has also taken out appropriate insurance cover for our Directors in respect of legal actions taken against Directors and officers. The Board reviews the extent of the insurance cover every year.

A.2 Chairman and Chief Executive Officer

There are two key aspects of the management of every issuer – the management of the board and the day-to-day management of the issuer's business. There should be a clear division of these responsibilities at the board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Richard Man Fai LEE is the Executive Chairman and Chief Executive Officer. The Board considers that this structure will not impair the balance of power and authority between the Board and the management. This is because the Board has adopted clear guideline as to the power and authority of the Board and the management (as set out in paragraph A.1 above) and a guideline as to the power and duties of Chief Executive Officer as set out below:

- (a) to act as the highest-ranking executive in the Company, being responsible for carrying out the policies of the Board on a day-to-day basis;
- (b) to have the delegated power to manage the Company and to oversee the activities of the Company on a daily basis;

A. 董事 (續)**A.1 董事會** (續)

本公司亦為其董事購買適當保險，以為董事及高級職員所面對法律行動提供保障。董事會每年檢討保險受保範圍。

A.2 主席及行政總裁

每家發行人在經營管理上皆有兩大方面-董事會的經營管理和發行人業務的日常管理。在董事會層面，這兩者之間必須清楚區分，以確保權力和授權分佈均衡，不致權力僅集中於一位人士。

守則第A.2.1條規定，主席與行政總裁的角色應有區分，並不應由一人同時兼任。

李文輝先生為執行主席兼行政總裁。董事會認為，此架構不會影響董事會與管理層之間之權力及授權均衡，因為董事會已就董事會與管理層之權力及職權採納清晰指引(如以上A.1段載列之)，而有關於行政總裁之權力及職責之指引載列如下：

- (a) 為本公司最高級行政人員，日常負責執行董事會政策；
- (b) 擁有轉授權力管理本公司並監督本公司日常業務；

A. DIRECTORS (Continued)**A.2 Chairman and Chief Executive Officer** (Continued)

- (c) to meet and brief the Board regularly, mainly focus on strategic/emerging issues, current and projected performance highlights, any shareholder feedback or comments and any issue likely to have an effect on the organisation internally or in the public eye;
- (d) to report to the Board;
- (e) to obtain the Board's approval for certain major actions, such as hiring senior staff above managerial grade, raising money, acquiring another company, major capital expansions, or other major projects;
- (f) to be responsible for the achievement of the Company's operations within the strategy determined by the Board; and
- (g) to perform any other duties as authorised by the Board from time to time.

In addition, the Board which comprises experienced and high caliber individuals meets regularly to discuss issues and operation of the Group. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently.

As Executive Chairman of the Company Mr. Richard Man Fai LEE has to ensure that all Directors are properly briefed on issues arising at Board meetings and that Directors receive adequate information, which must be complete and reliable, in a timely manner.

A. 董事 (續)**A.2 主席及行政總裁** (續)

- (c) 定期會晤並通報董事會，主要專注於策略／新問題、現時及預測之主要業績、任何股東之反饋或意見以及可能在內部或在公眾眼中對公司組織產生影響之任何事宜；
- (d) 向董事會報告；
- (e) 獲取董事會批准以採取重大行動，如聘用管理級別以上高級職員、集資、併購另一間公司、重大資本擴張或其他重大項目；
- (f) 負責由董事會釐定之策略內達致本公司經營目標；及
- (g) 履行董事會不時授權之任何其他職責。

此外，由擁有經驗及才幹之人士組成之董事會定期開會討論本集團之業務及經營。董事會相信，此結構有助於加強及維持一貫之領導，使本集團得以迅速和有效地制定及實施決策。

作為本公司執行主席，李文輝先生須確保所有董事能妥善地獲得董事會會議上討論問題之通報，所有董事能收到充分及適時資料，而該等資料必須完整可靠。

A. DIRECTORS (Continued)**A. 董事** (續)**A.3 Board composition****A.3 董事會組成**

The board should have a balance of skills and experience appropriate for the requirements of the business of the issuer. The board should ensure that changes to its composition can be managed without undue disruption. The board should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight.

董事會應根據發行人業務而具備適當所需技巧和經驗。董事會應確保其組成人員的變動不會帶來不適當的干擾。董事會中執行董事與非執行董事(包括獨立非執行董事)的組合應該保持均衡，以使董事會有強大的獨立元素，能夠有效地作出獨立判斷。非執行董事應有足夠才幹和人數，以使其意見具有影響力。

Currently the Board comprises ten Directors, six Executive Directors, one Non-executive Director and three Independent Non-executive Directors. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), require every listed issuer to have at least three independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. Mr. Ying Kwan CHEUNG, one of the Independent Non-executive Directors, is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Each of the three Independent Non-executive Directors has confirmed their independency in accordance with Rule 3.13 annually.

現時董事會由十名董事組成，其中執行董事六人，非執行董事一人，獨立非執行董事三人。香港聯合交易所有限公司證券上市規則(「上市規則」)要求每個上市發行人至少擁有三名獨立非執行董事，其中至少一人擁有適當專業資格或會計或相關財務管理專業技能。獨立非執行董事張應坤先生為英國特許公認會計師公會資深會員及香港會計師公會會員。三名獨立非執行董事均依據規則第3.13條，每位每年均確認其獨立性。

Three of the six Executive Directors and the Non-executive Director are family members. Mr. Wing Sum LEE, an Executive Director and Ms. Kam Har YUE, a Non-executive Director are spouse, Mr. Richard Man Fai LEE and Mr. Jeff Man Bun LEE, both of whom are Executive Directors, are their sons and brothers. Save as disclosed herein, Board members do not have any family, financial or business relations with each other.

於六名執行董事其中三位及一位非執行董事為家族成員。李永森先生(執行董事)與余金霞女士(非執行董事)為夫婦。李文輝先生及李文彬先生(均為執行董事)乃為彼等兒子，互為兄弟關係。除於此披露者外，董事會成員之間並無任何家族、財務或業務關係。

A. DIRECTORS (Continued)**A.3 Board composition** (Continued)

The biographies of our Directors are set out on pages 20 to 22 of the Annual Report. Details of the biographies of the Directors seeking re-election at the forthcoming Annual General Meeting to be held on June 15, 2006 are set out in the circular issued by the Company dated April 25, 2006 sent to shareholders together with the Annual Report. The Company also maintains on its website <http://www.wokeehong.com.hk>, an update biographies of the Directors.

A.4 Appointments, re-election and removal of directors

There should be a formal, considered and transparent procedure for the appointment of new directors to the board. There should be plans in place for orderly succession for appointments to the board. All directors should be subject to re-election at regular intervals. An issuer must explain the reasons for resignation or removal of any directors.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

A. 董事 (續)**A.3 董事會組成** (續)

本公司董事之履歷載於年度報告第20頁至第22頁。擬於應屆股東週年大會(二零零六年六月十五日舉行)膺選連任之董事,其簡歷詳情刊載於本公司於二零零六年四月二十五日刊發,並與本年度報告一併寄發予股東之通函內。本公司亦於其網頁<http://www.wokeehong.com.hk>上載有董事履歷最新資料。

A.4 董事之委任、重選和罷免

董事會應制定正式、經審慎考慮並具透明度的新董事委任程序,並應設定有秩序的董事接任計畫。所有董事均應每隔若干時距即重新選舉。發行人必須就任何董事辭任或遭罷免解釋原因。

守則第A.4.1條規定,非執行董事之委任應有指定任期並須接受重新選舉。

守則第A.4.2條規定,所有為填補臨時空缺而被委任的董事應在接受委任後的首次股東大會上接受股東選舉。每名董事,包括有指定任期的董事,須至少每三年輪席告退一次。

A. DIRECTORS (Continued)**A.4 Appointments, re-election and removal of directors**
(Continued)

Non-executive Directors of the Company are appointed for a specific term of two (2) years, subject to re-election in accordance with the Bye-Laws of the Company. At every annual general meeting, one-third of the directors (save for any chairman or managing director) for the time being, or if their number is not a multiple of three, the number nearest to but not greater than one-third, shall retire from office by rotation according to the Bye-Laws of the Company. All Directors, including those appointed for a fixed term, except for Mr. Richard Man Fai, LEE, the Executive Chairman and Chief Executive Officer of the Company, are subject to the retirement by rotation provisions in the Bye-Laws of the Company.

A Director appointed by the Board to fill a casual vacancy or as an addition shall hold office until the next general meeting.

According to the Wo Kee Hong (Holdings) Limited Company Act, 1991, no director holding the office of chairman or managing director shall be subject to retirement by rotation as provided in the Bye-Laws of the Company. In order to comply with Code Provision A.4.2, Mr. Richard Man Fai LEE, the Executive Chairman and Chief Executive Officer of the Company, has sent confirmation to the Company that he will voluntarily retire from his directorship at future annual general meetings of the Company at such frequency in order for the Company to comply with the CG Code, and being eligible for re-election, will offer himself for re-election at the relevant general meetings.

A. 董事 (續)**A.4 董事之委任、重選和罷免** (續)

本公司非執行董事之委任指定任期為兩年，且須根據本公司之公司細則接受重選。於每屆股東周年大會上，當時三分之一董事(任何主席或董事總經理除外)，或倘若其人數並非三之倍數，最接近但不多於三分之一之人數，須根據本公司之公司細則輪席告退。所有董事(本公司執行主席兼行政總裁李文輝先生除外)，包括有固定任期之董事，須根據本公司之公司細則之規定輪席告退。

由董事會委任以填補臨時空缺或作新增之董事須任職至下屆股東大會為止。

根據和記行(集團)有限公司一九九一年之公司法，擔任主席或董事總經理職務之董事無須按本公司之公司細則輪席告退。為遵守守則第A.4.2條，本公司執行主席兼行政總裁李文輝先生已向本公司發出確認函，表示於將來之股東週年大會上自願退任，而退任之次數乃為可使本公司遵守企業管治守則而定，且倘若有資格重選，將於相關股東大會上膺選連任。

A. DIRECTORS (Continued)**A.4 Appointments, re-election and removal of directors**
(Continued)

The Board has not established a Nomination Committee for reviewing new appointment of Directors and senior executives and management succession plan for Executive Directors and senior executives. However, all candidates to be selected and appointed as a Director must be able to meet the standards set out in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an Independent Non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

A.5 Responsibilities of Directors

Every director is required to keep abreast of his responsibilities as a director of an issuer and of the conduct, business activities and development of the issuer. Given the essential unitary nature of the board, non-executive directors have the same duties of care and skill and fiduciary duties as executive directors.

Each newly appointed Director is provided with a package of orientation materials setting out the required duties and responsibilities of Directors under the Listing Rules and other relevant statutory requirements of Hong Kong. Our Directors are kept informed on a regular basis on the latest development of any latest changes to the regulatory requirements. All our Directors are encouraged to participate in continuous professional development seminars and/or courses to update their skills and knowledge on the latest development or changes in the relevant statutes, Listing Rules and corporate governance practices. On February 17, 2006, a presentation was given on the major laws and regulations applicable to the Company, to all Directors and senior management of the Group.

A. 董事 (續)**A.4 董事之委任、重選和罷免 (續)**

董事會尚未成立提名委員會，以審核新董事及高級行政人員之委任以及執行董事及高級行政人員之繼任計畫。但是，所有獲挑選及獲委任為董事之候選人必須能夠符合上市規則第3.08條及第3.09條載列之標準。獲委任為獨立非執行董事之候選人亦須符合上市規則第3.13條載列之獨立性標準。

A.5 董事責任

每名董事須不時瞭解其作為發行人董事的職責，以及發行人的經營方式、業務活動及發展。由於董事會本質上是個一體組織，非執行董事應有與執行董事相同的受信責任以及以應有審慎態度和技能行事的責任。

每名新委任董事均獲得一套實務簡介材料，該等材料載列有關上市規則及香港其他相關法例規定下之董事職責及責任。本公司定期通知董事有關任何最新法例規定之最新進展。本公司鼓勵所有董事參加持續專業技能發展研討會及／或課程，以更新其對相關法例、上市規則及企業管治常規之最新發展或變化的技能及知識。本公司已於二零零六年二月十七日舉行講座，向本集團所有董事及高級管理人員講述有關可適用於本公司之主要法律及規定。

A. DIRECTORS (Continued)**A.5 Responsibilities of Directors** (Continued)

The functions of Non-executive Directors have included the functions as specified in Code Provision A.5.2(a) to (d) except for the Code Provision A.5.2(c) to the extent that the Company does not have a nomination committee.

Every Director is aware that he should give sufficient time and attention to the affairs of the Company.

The Company has adopted the standard set out in Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), of the Listing Rules, in relation to the dealings in securities of the Company by the Directors and employees of the Group.

Having made specific enquiry of all Directors, during the year ended December 31, 2005, the Directors have complied with the standard set out in the Model Code.

A.6 Supply of and access to information

Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities as directors of an issuer.

In respect to regular Board meetings, and so far as practicable in all other cases, an agenda and accompanying board papers are sent in full to all Directors in a timely manner and at least three (3) days before the intended date of a Board meeting, an Audit Committee meeting or a Remuneration Committee meeting.

A. 董事 (續)**A.5 董事責任** (續)

非執行董事之職能包括守則第A.5.2(a)至(d)條指定之職能，惟本公司並無提名委員會，未能符合守則第A.5.2(c)條指定之職能。

每名董事明白，彼須付出足夠時間及精神以處理本公司事務。

本公司已採納上市規則有關本集團董事及雇員買賣本公司證券之上市發行人董事證券交易標準守則（「標準守則」）附錄十載列之標準。

已向所有董事作出具體查詢，於截至二零零五年十二月三十一日止年度期間內，董事已遵守標準守則載列之標準。

A.6 資料提供及使用

董事應獲提供適當的適時資料，其形式及素質須使董事能夠在掌握有關資料情況下作出決定，並能履行其作為發行人董事的職責及責任。

董事會定期會議以及（只要實際可行）所有其他會議之議程及相關會議文件全部適時送交全體董事，並至少在預期舉行董事會會議、審核委員會會議或薪酬委員會會議日期的三天前送出。

A. DIRECTORS (Continued)**A. 董事** (續)**A.6 Supply of and access to information** (Continued)**A.6 資料提供及使用** (續)

Members of the management have been reminded by the Company Secretary that they have an obligation to supply the Board and the board committee with adequate information in a timely basis to enable it to make informed decision. The Board and each Director have separate and independent access to the Group's senior management.

本公司秘書已提醒管理層人員其有責任向董事會及董事委員會適時提供充足的資料，以使董事能夠在掌握有關資料的情況下作出決定。董事會及每名董事能個別及獨立地接觸本集團高級管理人員。

All Directors are entitled to have access to board papers, minutes and related materials.

所有董事均有權獲取董事會會議文件、會議記錄及相關材料。

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT**B. 董事及高級管理人員之薪酬****B.1 The level and make-up of remuneration and disclosure****B.1 薪酬及披露的水平及組成**

An issuer should disclose information relating to the directors' remuneration policy and other remuneration related matters. There should be a formal and transparent procedure for setting policy on executive directors' remuneration and for fixing the remuneration packages for all directors. Level of remuneration should be sufficient to attract and retain the directors needed to run the company successfully, but companies should avoid paying more than is necessary for this purpose. No director should be involved in deciding his own remuneration.

發行人應披露其董事薪酬政策及其他薪酬相關事宜的資料；應設有正規而具透明度的程序，以制訂有關執行董事薪酬的政策及釐定各董事的薪酬待遇。所定薪酬的水平應足以吸引及挽留公司成功營運所需的一眾董事，但公司應避免為此支付過多的酬金。任何董事不得參與訂定本身的酬金。

The Remuneration Committee was established on April 25, 2005 in accordance with the CG Code. During the year, the Remuneration Committee met on three (3) occasions. The existing members of the Remuneration Committee are Mr. Boon Seng TAN, Mr. Ying Kwan CHEUNG, both of whom are the Independent Non-executive Directors and Mr. Tik Tung WONG, an Executive Director. Mr. Boon Seng TAN is the Chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are adopted with reference to the CG Code, including the specific duties set out in Code Provision B.1.3(a) to (f).

本公司根據企業管治守則於二零零五年四月二十五日成立薪酬委員會。年內，薪酬委員會已會晤了三次。薪酬委員會現有成員為陳文生先生、張應坤先生(二人均為獨立非執行董事)及汪滌東先生(執行董事)，陳文生先生為薪酬委員會主席。經參考企業管治守則而所採納薪酬委員會之職權範圍，已包括守則第B.1.3(a)至(f)條載列之特定職責。

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

B.1 The level and make-up of remuneration and disclosure (Continued)

The Remuneration Committee is responsible for making recommendations to the Board regarding the Group's remuneration policy and structure for all remuneration of Directors and senior management. The Remuneration Committee is authorised to seek any information it requires from any employee of the Group and has the power to request the Executive Directors, Human Resources Manager and other persons to attend its meetings. The Remuneration Committee is also authorised to obtain outside professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers as necessary.

Attendance of individual member at the Remuneration Committee meeting in 2005:

Number of meeting	會議次數	3
Mr. Boon Seng TAN	陳文生先生	3/3 (100%)
Mr. Ying Kwan CHEUNG (Note)	張應坤先生 (附註)	1/1 (100%)
Mr. Kenji Tak Hing CHAN (Note)	陳德興先生 (附註)	2/2 (100%)
Mr. Tik Tung WONG	汪滌東先生	3/3 (100%)
Average attendance rate	平均出席率	100%

Note:

Mr. Ying Kwan CHEUNG was appointed as an Independent Non-executive Director on November 3, 2005 and one meeting of the Remuneration Committee has been held after his appointment. Mr. Kenji Tak Hing CHAN has resigned as an Independent Non-executive Director on November 3, 2005 and two meetings of the Remuneration Committee have been held during his term of office in 2005.

B. 董事及高級管理人員之薪酬 (續)

B.1 薪酬及披露的水平及組成 (續)

薪酬委員會負責就本集團董事及高級管理人員全體薪酬政策及架構向董事會提出建議。薪酬委員會獲授權向本集團任何僱員尋求任何其需要之資料並有權要求執行董事、人力資源經理及其他人士出席其會議。薪酬委員會亦獲授權獲取外聘專業人士意見，並且倘若其認為有需要，有權確保擁有相關經驗及專業技能之外聘人士出席會議。

二零零五年薪酬委員會各成員之出席率：

附註：

張應坤先生於二零零五年十一月三日獲委任為獨立非執行董事，而彼獲委任後舉行了一次薪酬委員會會議。陳德興先生已於二零零五年十一月三日辭去獨立非執行董事一職，於其二零零五年任職期間舉行了兩次薪酬委員會會議。

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

B.1 The level and make-up of remuneration and disclosure *(Continued)*

The Remuneration Committee has adopted a set of policy and guidelines to govern its administration in reviewing, considering and fixing the remuneration packages and benefits of Directors and senior management of the Group. During the year 2005, the Remuneration Committee had:

- reviewed the service agreements of all Executive Directors in accordance with the policy and guidelines adopted by it;
- made recommendations to the Board in relation to the renewal of the service agreements of two Executive Directors; and
- considered and recommended the setting up of a Directors' bonus scheme containing relevant factors for determining Directors' bonus.

Full minutes of the Remuneration Committee meetings are kept by the Company Secretary. Draft and final versions of the minutes of the Remuneration Committee meetings are sent to all members of the Remuneration Committee for comments and approval.

The Remuneration Committee has made available its terms of reference, explaining its role and the authority delegated to it by the Board, on request. The terms of reference are also available on the website of the Company.

B. 董事及高級管理人員之薪酬 (續)

B.1 薪酬及披露的水平及組成 (續)

薪酬委員會已採納一套政策及指引，以管理審核、審議及確定本集團董事及高級管理人員之薪酬及福利。於二零零五年期間，薪酬委員會已：

- 根據其採納之政策及指引審核所有執行董事之服務協議；
- 就兩名執行董事服務協議之續期向董事會提出建議；及
- 考慮並建議設立董事花紅計畫，該計畫包含釐定董事花紅之相關要素。

薪酬委員會會議之詳細會議記錄由本公司秘書存置。薪酬委員會會議記錄之初稿及最後版本均送交薪酬委員會全體成員，以徵求其意見及批准。

薪酬委員會已按要求公開其職權範圍，說明其角色及董事會轉授予其之權力。其職權範圍亦可於本公司網頁上查閱。

C. ACCOUNTABILITY AND AUDIT**C. 問責及核數****C.1 Financial reporting****C.1 財務報告**

The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

董事會應平衡、清晰及全面地評核公司的表現、情況及前景。

Management shall provide such explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

管理層須向董事會提供充分的解釋及足夠的資料，讓董事會可以就提交給他們批准的財務及其他資料，作出有根據的評審。

The Directors are responsible for overseeing all financial aspects of the Company and for keeping proper accounting records and preparing accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended December 31, 2005, the Directors have:

董事負責監督本公司所有財務事項，妥善保管會計記錄並編製各財政期間之賬目，而該等賬目真實公平地反映彼等期間本集團業務狀況、業績及現金流量。編製截至二零零五年十二月三十一日止年度賬目時，董事已：

- approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants;
- selected and applied consistently appropriate accounting policies;
- made judgments and estimates that are prudent and reasonable;
- prepared the accounts on the on going concern basis.

- 批准採納香港會計師公會頒佈之所有可適用香港財務報告準則；
- 選擇並一貫採用適當之會計政策；
- 作出審慎及合理判斷及評估；
- 以持續經營為基礎編製賬目。

C. ACCOUNTABILITY AND AUDIT (Continued)**C.1 Financial reporting (Continued)**

The Board is accountable to its shareholders for a clear and balanced assessment of the Company's financial position and prospects. In this regard, the Directors are responsible for presenting a balanced, clear and understandable assessment to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

Financial results of the Group are announced in a timely manner in accord with all statutory requirements, particularly the timeframe stipulated in Rule 13.49(1) and (6) of the Listing Rules and the Directors acknowledge their responsibility for preparing the financial statements of the Group.

The Group's external auditors are HLB Hodgson Impey Cheng (the "Auditors"). The statement of the Auditors about their reporting responsibilities on the financial statements of the Group is set out on pages 70 to 71 of the Annual Report.

During the year 2005, the Auditors have performed audit and non-audit services. Details of the remuneration for the services performed by the Auditors are as follows:

Services performed	所提供服務	Fees paid/payable 已付或應付之服務費
		HK\$ 港幣元
Audit services	審核服務	500,000
Non-audit services	非審核服務	
Professional services for acting as reporting accountants	擔任申報會計師之專業服務	1,716,000
Advisory services	諮詢服務	380,000
Other services	其他服務	198,000
Total	總計	2,794,000

C. 問責及核數 (續)**C.1 財務報告 (續)**

董事會須清晰及平衡地評審本公司財務狀況及前景，以向其股東負責。在此方面，董事有責任於年度報告及中期報告提出平衡、清晰及易明的評估、提出其他涉及價格敏感資料的通告及根據上市規則須予披露的其他財務資料，以及向監管者提交之報告書以至根據法例規定須予披露之資料。

本集團財務業績根據所有法例規定及時予以公佈，尤其是在上市規則第13.49(1)及(6)條規定的時間內予以公佈，而董事承認有編製本集團財務報表之責任。

本集團外聘核數師為國衛會計師事務所(「核數師」)。核數師有關其對本集團財務報表申報責任之聲明載於年報第70至71頁。

於二零零五年，核數師已提供審核及非審核服務，核數師提供服務之薪酬詳程如下：

C. ACCOUNTABILITY AND AUDIT (Continued)

C.2 Internal controls

The board should ensure that the issuer maintains sound and effective internal controls to safeguard the shareholders' investment and the issuer's assets.

The Board is entrusted with an overall responsibility of devising the internal control system and conducts annual review of its effectiveness. This ensures the Board to oversee and monitor the Group's overall financial position so that the interests of the shareholders are well protected and covered. The internal control covers the areas of financial, operational, compliance and risk management of the Group's business.

The Company has recorded in writing the internal control practices and procedures of the Group in the form of an internal control manual (the "Internal Control Manual").

Furthermore, the Company has engaged external auditors to conduct a comprehensive review and supervise/monitor the implementation of the Company's Internal Control Manual during the period from November 14, 2005 to January 18, 2006. The external auditors have reported an overall satisfactory result of their review and supervise/monitor of the internal control practices and procedures of the Group. The external auditors, however, have made certain recommendations in relation to the internal control practices and procedures of the Group, the major recommendations are as follows:

1. Treasury and cash management
 - Approval of the Board for the policy that sets the parameters for the treasury function in six areas: (1) financial policy; (2) types of financial instruments that may be used in debt, investment and risk management; (3) new banker; (4) investment of surplus funds and the choice of financial instruments; (5) hedging policy; and (6) the treasury functions shall not sacrificed long-term flexibility, or at worst, even survival, for short-term gain.

C. 問責及核數 (續)

C.2 內部監控

董事會應確保發行人的內部監控系統穩健妥善而且有效，以保障股東的投資及發行人的資產。

董事會獲委託全權負責籌劃內部監控系統，並每年檢討一次其是否有效。此舉確保董事會監督並監控本集團之整體財務狀況，以便妥善保護及涵蓋股東利益。內部監控涵蓋本集團業務之財務、經營、合規及風險管理之各個方面。

本公司已以書面形式記錄本集團內部監控常規及程序，並形成內部監控手冊（「內部監控手冊」）。

此外，本公司已聘用外聘核數師，於二零零五年十一月十四日至二零零六年一月十八日期間進行綜合評審及監督／監控本公司內部監控手冊之實施。外聘核數師已就其評審及監督／監控本集團內部監控常規及程序作出整體滿意結果之報告。但是外聘核數師已就本集團內部監控常規及程序提出若干建議，其主要建議如下：

1. 財務及現金管理
 - 董事會批准為並制定了六方面之財務功能範圍政策：(1)財務政策；(2)可用於債務、投資及風險管理之金融工具類別；(3)新往來銀行；(4)剩餘資金之投資及金融工具之選擇；(5)對沖政策；及(6)財務功能不可僅為了短期收益而放棄長期靈活性，(或於最壞情況下之)生存能力。

C. ACCOUNTABILITY AND AUDIT (Continued)**C.2 Internal controls** (Continued)

2. Control over subsidiaries
 - Further definition of matters requiring prior approval from the management of the Company and communication of such clear definition to each subsidiary to improve the effectiveness of internal control over subsidiaries.

3. Budgeting
 - Budget should be prepared and approved before the start of the year.
 - Approved budget should be initialed by all members of the Finance Control Committee and all revised budgets must be approved and regularly monitored by management.
 - Reasons and follow up actions of material variance on the budget and actual financial results be noted in the management financial statement.

4. Assets protection
 - All assets should be tagged with an assigned asset number and tracked to the asset ledger.
 - Physical inspection of fixed assets be carried out and all discrepancies between book and physical verification be discussed with management and follow up procedure be taken, including reviewing fixed asset maintenance, repairs and replacement controls.

C. 問責及核數 (續)**C.2 內部監控** (續)

2. 對附屬公司之監控
 - 進一步界定需要事先獲得本公司管理層批准之事項，並向各附屬公司清楚說明該等界定之事項，以提高附屬公司內部監控之效率。

3. 預算
 - 預算須於年度開始前編製並獲批准。
 - 獲批准之預算須由財務管理委員會所有成員簡簽，而所有經修訂預算必須獲管理層批准並定期加以監控。
 - 於管理層財務報表內注明預算與實際財務業績之間重大差異之理由及跟進措施。

4. 資產保障
 - 所有資產須標有指定之資產編號，以便可於資產分類賬內查核。
 - 進行固定資產之實地視察，與管理層討論帳面與實地檢查結果之所有差異，並採取跟進程序，包括檢討固定資產之維護、維修及資產更換之監控。

C. ACCOUNTABILITY AND AUDIT (Continued)**C.2 Internal controls** (Continued)

5. Overall departmental structure
 - Management should regularly review the effectiveness and appropriateness of established policies, procedures, delegation of authorities and allocation of responsibilities of staff.
6. Payroll cycle
 - Written procedures should be established regarding retirement, dismissal, fixing and adjustment of wage rate and related payroll computation works.
7. Security
 - Introduction of digital staff cards and rules to ensure that staffs carry staff cards at all times.
8. Personnel
 - The Company should set out detailed job descriptions of all positions in the staff manual. In addition, written recruitment policies and procedures should be set up and implemented to ensure the Company only employs persons who are fit and proper with the requisite qualifications and experience to perform the job duties and responsibilities.

C. 問責及核數 (續)**C.2 內部監控** (續)

5. 整體部門結構
 - 管理層須定期檢討已制定之政策、程序、授權之轉授及員工職責分配之有效性及適當性。
6. 薪酬週期
 - 就退休、解僱，確定及調整工資率及相關之薪酬計算工作，須建立書面程序。
7. 保安
 - 採用數碼員工卡及相關規章，以確保員工任何時候均佩戴員工卡。
8. 人事
 - 本公司須於員工手冊內刊載所有職位之詳細工作說明。此外，須制訂並執行書面招聘制度及程序，以確保本公司只聘請可滿足必須資格，並具有履行工作任務及職責所需經驗之人才。

C. ACCOUNTABILITY AND AUDIT (Continued)**C.2 Internal controls** (Continued)

9. Sales cycle

- Printed copies of the price list should be circulated and initialled by both the preparer and the reviewer. Management decisions can then be effectively and efficiently made.
- Signature of the responsible staff is required to evidence the checking of credit limits and overdue payments

10. Receipts cycle

- A cheque register is recommended to record all incoming cheques. The register should be reviewed by senior staff.

C. 問責及核數 (續)**C.2 內部監控** (續)

9. 銷售週期

- 價格清單須經傳閱，並由編製者與審閱者簡簽。藉此，管理層方可作出有效率、有效果之決策。
- 有關負責員工須簽名證明對信貸額度及逾期付款之核查。

10. 收訖週期

- 建議採用一個支票登記冊，以記錄所有到帳支票。該登記冊應由高級職員審核。

C. ACCOUNTABILITY AND AUDIT (Continued)**C.2 Internal controls** (Continued)

11. Services cycle

- A job register should be kept for recording all the repair jobs. The status of the jobs should also be included in the register. The register should be updated by the responsible staff and approved by supervisors or managers regularly.
- Repair fee should be documented in a repair fee list. The managers of the service department should review the list regularly.
- Hard copies of parts stock levels should be reviewed regularly by top management to identify any abnormal movement of parts. The print-out should be signed by top management and properly filed.

12. Properties leasing

- A hard copy of tenancy schedule should be prepared, updated and initialed each month by the responsible department and reviewed by the Finance Division to ensure a proper checking system is in place.
- All renewals of tenancy agreements must be approved and regularly monitored by management.

C. 問責及核數 (續)**C.2 內部監控** (續)

11. 維修服務週期

- 須保留一個工作登記冊記錄所有維修工作。工作狀態也應記入該登記冊內。該登記冊應由專責員工負責更新，並定期由主管或經理審批。
- 維修費應載於維修費清單。服務部經理應定期審核該項清單。
- 零件庫存水平資料之副本，應由高級管理人員定期審閱，以發現零件存量之任何異常變動。有關列印件應由高級管理人員簽署並妥善存檔。

12. 物業租賃

- 租約時間表之副本須由有關部門每月製備、更新並簡簽，並由財務部審核，以確保適當核查體系正常運行。
- 所有租約之續約均須由管理層批准並定期監察。

C. ACCOUNTABILITY AND AUDIT (Continued)**C.2 Internal controls** (Continued)

The report of the external auditors (the "Report on Internal Control Review") was considered by the Audit Committee at a meeting held on April 6, 2006, which has accepted and recommended the Report on Internal Control Review to the Board. The Audit Committee has also recommended to the Board to delegate and authorise the Operation Review Committee to follow up on the recommendations of the external auditors as set out in the Report on Internal Control Review and to take appropriate actions thereon. The Board has accepted the recommendation of the Audit Committee in this regard.

C.3 Audit Committee

The board should 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 audit committee established by the issuer pursuant to the Listing Rules should have clear terms of reference.

The Audit Committee was established in December 31, 1998 with reference to "Guide for Formation of an Audit Committee" issued by the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountant). With the introduction of the CG Code, the terms of reference was revised and became effective on June 30, 2005. The Terms of Reference of the Audit Committee have included the duties set out in Code Provision C.3.3(a) to (n). The existing members of the Audit Committee comprise Mr. Raymond Cho Min LEE, Mr. Boon Seng TAN and Mr. Ying Kwan CHEUNG, all of whom are Independent Non-executive Directors. Mr. Ying Kwan CHEUNG being a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants has the appropriate professional qualification and experience in financial field. Mr. Raymond Cho Min LEE is the Chairman of the Audit Committee. The Audit Committee does not have a former partner of the Group's existing audit firm.

C. 問責及核數 (續)**C.2 內部監控** (續)

外聘核數師報告「《內部監控檢討報告》」已由審核委員會於二零零六年四月六日舉行會議審議並接納，且向董事會推薦了內監控檢討報告。審核委員會並建議董事會委任並授權經營審核委員會，就外聘核數師刊載於《內部監控檢討報告》之建議作跟進並採取相關恰當行動。董事會已接納審核委員會之相關建議。

C.3 審核委員會

董事會應就如何應用財務報告及內部監控原則及如何維持與公司核數師適當的關係制定正規及具透明度的安排。發行人根據上市規則成立的審核委員會須具有清晰的職權範圍。

審核委員會於一九九八年十二月三十一日參照香港會計師公會刊發之「審核委員會成立指引」成立。隨著引用企業管治守則，本公司已修訂審核委員會之職權範圍，並於二零零五年六月三十日生效。審核委員會之職權範圍已包括守則第C.3.3(a)至(n)條載列之職責。審核委員會現有成員包括李卓民先生、陳文生先生及張應坤先生，均為獨立非執行董事。張應坤先生為英國特許公認會計師公會資深會員及香港會計師公會會員，擁有財務方面適當之專業資格及經驗。李卓民先生為審核委員會主席。審核委員會並無本集團現有核數公司之前合夥人。

C. ACCOUNTABILITY AND AUDIT (Continued)**C.3 Audit Committee** (Continued)

During the year, the Audit Committee has conducted five (5) formal meetings and discharged its responsibilities. Attendance of individual member at the Audit Committee meeting in 2005:

Number of meeting	會議次數	5
Mr. Raymond Cho Min LEE	李卓民先生	5/5 (100%)
Mr. Boon Seng TAN	陳文生先生	3/5 (60%)
Mr. Ying Kwan CHEUNG (Note)	張應坤先生 (附註)	1/1 (100%)
Mr. Kenji Tak Hing CHAN (Note)	陳德興先生 (附註)	4/4 (100%)
Average attendance rate	平均出席率	90%

Note:

Mr. Ying Kwan CHEUNG was appointed as an Independent Non-executive Director on November 3, 2005 and one meeting of the Audit Committee has been held after his appointment. Mr. Kenji Tak Hing CHAN has resigned as an Independent Non-executive Director on November 3, 2005 and four meetings of the Audit Committee have been held during his term of office in 2005.

The principal duties of the Audit Committee included reviewing the financial controls, internal control and risk management system, annual report and accounts and half-year report.

C. 問責及核數 (續)**C.3 審核委員會** (續)

年內，審核委員會已召開五次正式會議並履行其責任。二零零五年審核委員會各成員之出席率：

附註：

張應坤先生於二零零五年十一月三日獲委任為獨立非執行董事，而彼獲委任後舉行了一次審核委員會會議。陳德興先生已於二零零五年十一月三日辭去獨立非執行董事一職，於其二零零五年在任職期間舉行了四次審核委員會會議。

審核委員會之主要職責包括檢討財務監控、內部監控及風險管理制度、審閱年度報告及賬目及中期報告。

C. ACCOUNTABILITY AND AUDIT (Continued)**C.3 Audit Committee** (Continued)

The following is a summary of the work performed by the Audit Committee during the year 2005:

- met with the external auditors to discuss the general scope of their audit work;
- reviewed external auditor's management letter and management's response;
- considered and recommended to the Board adoption of new accounting standards;
- reviewed and recommended to the Board for approval the audit fee proposal for the Group for 2005;
- reviewed the audited accounts and final results announcement for the year 2004;
- reviewed the interim report and the interim results announcement for the six months ended 30 June 2005;
- reviewed and recommended to the Board the setting up of a formal internal control system for the Group;
- reviewed the non-audit services provided by the auditors of the Company and assess the independence and objectivity of the external auditors in relation to their provision of non-audit services;
- made recommendations to the Board on the appointment of the external auditors and approved their remuneration and terms of engagement; and
- reviewed the related party transactions and compliance of the relevant Listing Rules and accounting policies in relation thereto.

C. 問責及核數 (續)**C.3 審核委員會** (續)

審核委員會於二零零五年所履行之工作概述如下：

- 會晤外聘核數師，以討論其核數工作之整體範圍；
- 審閱外聘核數師之管理層函件及管理層之回應；
- 審議並向董事會建議採納新會計準則；
- 審閱並向董事會建議批准二零零五年本集團核數費用建議；
- 審閱二零零四年度經審核賬目及末期業績公告；
- 審閱截至二零零五年六月三十日止六個月中期報告及中期業績公佈；
- 審議並向董事會建議設立本集團正式內部監控系統；
- 檢討本公司核數師提供之非核數服務並評核外聘核數師提供非核數服務之獨立性及客觀性；
- 就委任外聘核數師向董事會提出建議並批准其酬金及聘用條款；及
- 審核關聯人士交易及遵守相關上市規則及其有關之會計政策。

C. ACCOUNTABILITY AND AUDIT (Continued)**C.3 Audit Committee** (Continued)

All issues raised by the Audit Committee have been addressed by the management. The work and findings of the Audit Committee have been reported to the Board. During the year, no issues brought to the attention of the management and the Board were of sufficient importance to require disclosure in the Annual Report.

Full minutes of the Audit Committee meetings are kept by the Company Secretary. Draft and final versions of the minutes of the Audit Committee meetings are sent to all members of the Audit Committee for comments and approval.

The Audit Committee has made available its terms of reference, explaining its role and the authority delegated to it by the Board, on request. The terms of reference are also available on the website of the Company.

The Interim and Annual Reports of the Company have been reviewed by the Audit Committee.

D. DELEGATION BY THE BOARD**D.1 Management functions**

An issuer should have a formal schedule of matters specifically reserved to the board for its decision. The board should give clear directions to management as to the matters that must be approved by the board before decisions are made on behalf of the issuer.

C. 問責及核數 (續)**C.3 審核委員會** (續)

管理層已處理審核委員會提出之所有事宜。已向董事會報告審核委員會之工作及調查結果。年內，管理層及董事會所知悉之事宜，其重要程度不足以須於年報內予以披露。

審核委員會會議之詳細會議記錄由本公司秘書存置。審核委員會會議記錄之初稿及最後版本均送交審核委員會全體成員，以徵求其意見及批准。

審核委員會已按要求公開其職權範圍，說明其角色及董事會轉授予其之權力。其職權範圍亦可於本公司網頁上查閱。

審核委員會已審閱本公司之中期報告及年報。

D. 董事會權力之轉授**D.1 管理功能**

發行人應有一個正式的預定計劃表，列載特別要董事會作決定的事項。董事會在代表發行人作出決定前，亦應明確指示管理層哪些事項須由董事會批准。

D. DELEGATION BY THE BOARD (Continued)**D.1 Management functions** (Continued)

In general, the Board oversees the Company's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls operating and financial performance and sets appropriate policies for risk management in pursuit of the Group's strategic objectives. The Board delegates the implementation of strategies, and day-to-day operation of the Group to the management. The Board is entrusted with the following reserved powers:

1. Business strategy
 - approval of strategic objectives, annual plans and performance targets for the Group.
 - approval of proposals for major expansion or closures.
 - approval of budgets.
 - approval of priorities and performance indicators.
2. Appointment
 - appointment of any person as Director to fill a casual vacancy or as an additional Director.
 - appointment of Executive Chairman and Chief Executive Officer.
 - senior executive appointments.
 - appointment and resignation of external auditor and fixing of auditor's remuneration.

D. 董事會權力之轉授 (續)**D.1 管理功能** (續)

一般而言，董事會監察本公司之策略發展並釐定本集團之目標、策略及政策。董事會亦監控及控制經營及財務表現並制定風險管理之適當政策，以實現本集團之策略目標。董事會將本集團實施策略及日常經營之權力轉授予管理層。董事會受託擁有以下保留之權力：

1. 業務策略
 - 批准本集團策略目標、年度計劃及業績目標。
 - 批准重大擴張計劃或結業。
 - 批准預算。
 - 批准優先目標及業績指標。
2. 委任
 - 委任任何人士為董事，以填補臨時空缺，或委任額外董事。
 - 委任執行主席兼行政總裁。
 - 委任高級行政人員。
 - 委任、辭任外聘核數師及釐定核數師酬金。

D. DELEGATION BY THE BOARD (Continued)**D.1 Management functions** (Continued)

2. Appointment (Continued)
 - appointment, resignation and removal of Company Secretary.
 - formation of the board committee(s) and approval of the membership and terms of reference of the board committee(s).
3. Board and senior management
 - delegation of authority to Executive Chairman and Chief Executive Officer, management and board committee(s).
 - approval of remuneration and incentive policies.
 - approval of remuneration of Directors and senior management.
 - assessment of the performance of the Company and the Board.
4. Relations with the shareholders
 - arrangements for the annual general meeting and other shareholders' meetings (if any).
 - matters relating to disclosure as required by the Law.
 - suggestions for nomination of Directors for election by the shareholders.

D. 董事會權力之轉授 (續)**D.1 管理功能** (續)

2. 委任 (續)
 - 委任、辭任、罷免、公司秘書。
 - 組建董事會轄下委員會並批准董事會轄下委員會成員及職權範圍。
3. 董事會及高級管理層
 - 轉授予執行主席兼行政總裁、管理層及董事會轄下委員會權力。
 - 批准酬金及獎勵政策。
 - 批准董事及高級管理層酬金。
 - 評核本公司及董事會表現。
4. 與股東之關係
 - 安排股東周年大會及其他股東會議 (如有)。
 - 根據法律規定披露相關之事項。
 - 建議提名由股東選舉之董事。

D. DELEGATION BY THE BOARD (Continued)**D.1 Management functions** (Continued)

5. Financial matters
- approval of annual accounts and Directors' reports.
 - approval of credit/loan from banks/financial institutions.
 - approval of accounting policies.
 - approval of any substantial change in the policies of the Company for balance sheet management including but without limitation capital adequacy, credit, liquidity, maturity structure of assets and liabilities, interest rate and exchange rate risks and asset concentration both geographically and by sector.
 - approval of internal audit plan.
 - acceptance of auditor's reports including management letters.
 - issuing guarantees.
 - declaration of interim dividends and making recommendations on final dividends.
6. Capital expenditures
- approval of the capital expenditure budget.
 - approval of priorities.
7. Major transactions not included in the budget.

D. 董事會權力之轉授 (續)**D.1 管理功能** (續)

5. 財務事項
- 批准年度報表及董事會報告。
 - 批准銀行／金融機構之信貸／貸款。
 - 批准會計政策。
 - 批准本公司資產負債表管理政策之任何重大變更，包括但不限於資本充足率、信貸、流動資金、資產及負債屆滿結構、利率及兌換率風險以及地區及行業資產集中程度。
 - 批准內部核數計劃。
 - 接納核數師報告，包括致管理層信函。
 - 發出擔保書。
 - 宣派中期股息及就派發末期股息提出建議。
6. 資本支出
- 批准資本支出預算。
 - 批准優先目標。
7. 未包括在預算內之重大交易。

D. DELEGATION BY THE BOARD (Continued)**D.1 Management functions** (Continued)

8. Acquisition or disposal by the Company or any subsidiary of the Company of any equity interest in any company, asset and business for a consideration exceeding 5% of the Group shareholders' funds except in the ordinary course of trading.
9. Formation of a new venture requiring an investment of more than 5% of the Group shareholders' funds by the Company or any subsidiary of the Company.
10. Internal control and reporting systems
 - risk assessment and insurance.
 - risk management policies, e.g. hedging.
 - approval and establishment of any effective procedures for monitoring and control of operations including internal procedures for audit and compliance.
11. Use of the seal(s).
12. Donations and sponsorships (if any) above HK\$100,000.

D.2 Board committees

Board committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.

D. 董事會權力之轉授 (續)**D.1 管理功能** (續)

8. 本公司或本公司任何附屬公司收購或出售代價超過本集團股東資金5%之任何公司之任何股本權益、資產及業務，惟於正常交易過程中之收購或出售除外。
9. 本公司或本公司任何附屬公司組建所需投資超過本集團股東資金5%之新項目。
10. 內部監控及匯報制度
 - 風險評估及保險。
 - 風險管理政策，如對沖。
 - 批准及建立監控及控制經營之任何有效程序，包括核數及合規之內部程序。
11. 使用印章。
12. 港幣100,000元以上之捐款及贊助(如有)。

D.2 董事會轄下之委員會

董事會轄下的各委員會的成立應訂有書面的特定職權範圍，清楚列載委員會權力及職責。

D. DELEGATION BY THE BOARD (Continued)**D.2 Board committees** (Continued)

Apart from the Audit Committee (particulars are disclosed under C.3) and the Remuneration Committee (particulars are disclosed under B.1), the Board has also established three other committees of the Board, namely the Financial Control Committee, the Executive Directors' Committee and the Operation Review Committee.

The Financial Control Committee is responsible for overseeing the internal financial control and treasury management function and comprises Mr. Richard Man Fai LEE, Executive Chairman and Chief Executive Officer of the Company, Mr. Tik Tung WONG, Executive Director and Chief Financial Officer of the Company and Ms. Virginia Tang, Deputy Financial Controller.

The Executive Directors' Committee is responsible for overseeing the discharge of the day-to-day management functions of the Executive Directors and comprises any two of the Executive Directors.

The Operation Review Committee is responsible for enhancing the overall internal control of the Group to ensure compliance with the principles and spirits of corporate governance and comprise of Mr. Sammy Chi Chung SUEN, Mr. Tik Tung WONG and some general management of the Group.

E. COMMUNICATION WITH SHAREHOLDERS**E.1 Effective communication**

The board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.

D. 董事會權力之轉授 (續)**D.2 董事會轄下之委員會** (續)

除審核委員會(詳情載於C.3)及薪酬委員會(詳情載於B.1)外,董事會亦已成立另外三個董事委員會,即財務管理委員會,執行董事委員會及經營審核委員會。

財務管理委員會負責監督內部財務監控及財務管理職能,由李文輝先生(本公司執行主席兼行政總裁)、汪滌東(執行董事及財務總監)及鄧美玲女士(副財務總監)組成。

執行董事委員會負責監察執行董事履行日常管理職能,並由任何兩名執行董事組成。

經營審核委員會負責提升本集團之整體內部監控,以確保遵守企業管治原則及本義。該委員會由孫志冲先生、汪滌東先生及本集團若干管理人員組成。

E. 與股東之溝通**E.1 有效溝通**

董事會應盡力與股東持續保持對話,尤其是籍股東周年大會或其他股東大會與股東溝通及鼓勵他們的參與。

E. COMMUNICATION WITH SHAREHOLDERS*(Continued)***E.1 Effective communication** *(Continued)*

At the 2005 Annual General Meeting, a separate resolution was proposed by the Executive Chairman in respect of each separate issue, including the re-election of Directors. At the forthcoming Annual General Meeting to be held on June 15, 2006, a separate resolution will be proposed by the Executive Chairman in respect of each separate issue, including the re-election of Directors.

The Chairmen of the Audit Committee and the Remuneration Committee or the members of the respective committees or their respective appointed delegates will attend the forthcoming annual general meeting to answer questions of shareholders.

E.2 Voting by poll

The issuer should regularly inform shareholders of the procedure for voting by poll and ensure compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the issuer.

The procedures for demanding a poll by the shareholders were incorporated in the circular for the forthcoming Annual General Meeting and also the special general meeting to be held immediately thereafter.

At the 2005 annual general meeting, the Executive Chairman has provided an explanation of the procedures for demanding poll by shareholders at the commencement of the meeting.

E. 與股東之溝通 (續)**E.1 有效溝通 (續)**

於二零零五年股東週年大會上，執行主席建議就各個別事宜通過獨立決議案，包括重選董事。於二零零六年六月十五日即將舉行之股東週年大會上，執行主席將就各個別事宜提議通過獨立決議案，包括重選董事。

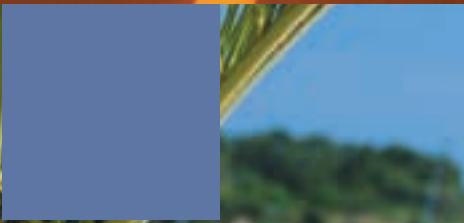
審核委員會及薪酬委員會主席或相關委員會之成員或其相關之獲委任代表將出席即將舉行之股東週年大會，以回答股東提出之問題。

E.2 以投票方式表決

發行人應定期通知股東以投票方式表決的程序，並確保符合上市規則有關以投票方式表決的規定及發行人本身的組織章程文件。

股東要求以投票方式表決之程序已納入即將舉行之股東週年大會及緊隨其後舉行之股東特別大會之通函內。

執行主席已於二零零五年股東週年大會開始時解釋股東要求以投票方式表決之程序。



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和記行（集團）有限公司

為一間分銷優質品牌產品之多元化代理商，服務對象為亞洲地區客戶，市場以香港、澳門及中華人民共和國（「中國」）為主。本集團於一九五四年開始在香港代理音響器材。多年來，本集團不斷更新產品種類；時至今日，代理種類包括空調及冷凍產品；影音設備；汽車音響及電子產品；汽車及汽車配件；以及其他電子及電器產品。本集團亦設有直銷／零售業務。本集團具備豐富知識及經驗，並透過不同分銷渠道以及提供售後服務，以提升品牌知名度及發展其所在產品市場之地位。過去五十多年來，憑著其市場推廣及銷售實力配合與供應商建立的長期緊密關係，本集團確保其眾多品牌中，很多已成為其服務市場消費者心目中的頂級標記及家傳戶曉之名牌。

WO KEE HONG (HOLDINGS) LIMITED

is a diversified distributor of high-quality, brand-name products serving customers in the Asian region and in particular the Hong Kong, Macau and the mainland People's Republic of China (PRC) markets. The Group began distributing audio products in Hong Kong in 1954. Over the years, product categories have changed and today the Group distributes air-conditioning and refrigeration products; audio visual equipment; car audio and electronic products; motor vehicles and car accessories; and other electronic and electrical products. It also has a direct marketing/retailing business. The Group has considerable expertise in nurturing and developing brands and products it represents through its multi-distribution channels and including provision of after-sales-service. For over five decades, by combining skilled marketing and sales with the close support of long-established supplier relationships, the Group has ensured that many of its brands have become symbols of excellence and household names in the minds of consumers in the markets it serves.

*Enjoying a shared lifestyle,
passion and new experiences
to meet one's needs.*