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CORPORATE GOVERNANCE PRINCIPLES

While focusing on its business development with full force, VXL Capital places great effort in upholding its corporate governance standards as we believe good corporate governance is an important component in striving for the highest returns to our Shareholders.

Our principles of corporate governance emphasize a quality Board, sound internal control, independence, transparency and accountability to all stakeholders. Both the Board and the management are committed to continuously improving corporate governance practices and an ethical corporate culture as its intrinsic value.

The Company has principally complied with the code provisions set out in the CG Code during the year of 2005 with minor exceptions as stated herein due to reasonable grounds.

企業管治原則

卓越金融於全力集中發展業務的同時，亦投入大量精力提升其企業管治水平；因為我們相信，良好的企業管治乃為股東爭取最高回報的重要因素。

我們的企業管治原則強調高素質的董事會、健全的內部監控、獨立性、對所有利益相關人士的透明度及責任承擔。董事會及管理層均承諾持續改善企業管治常規及企業道德文化以成為公司的內在價值。

於二零零五年期間，本公司一直遵守《企業管治守則》所載的守則條文，惟因合理原因引致報告內述的輕微偏離情況。

ENHANCED CORPORATE GOVERNANCE STANDARDS

In 2005, we undertook the following highlighted measures to improve our corporate governance standards:-

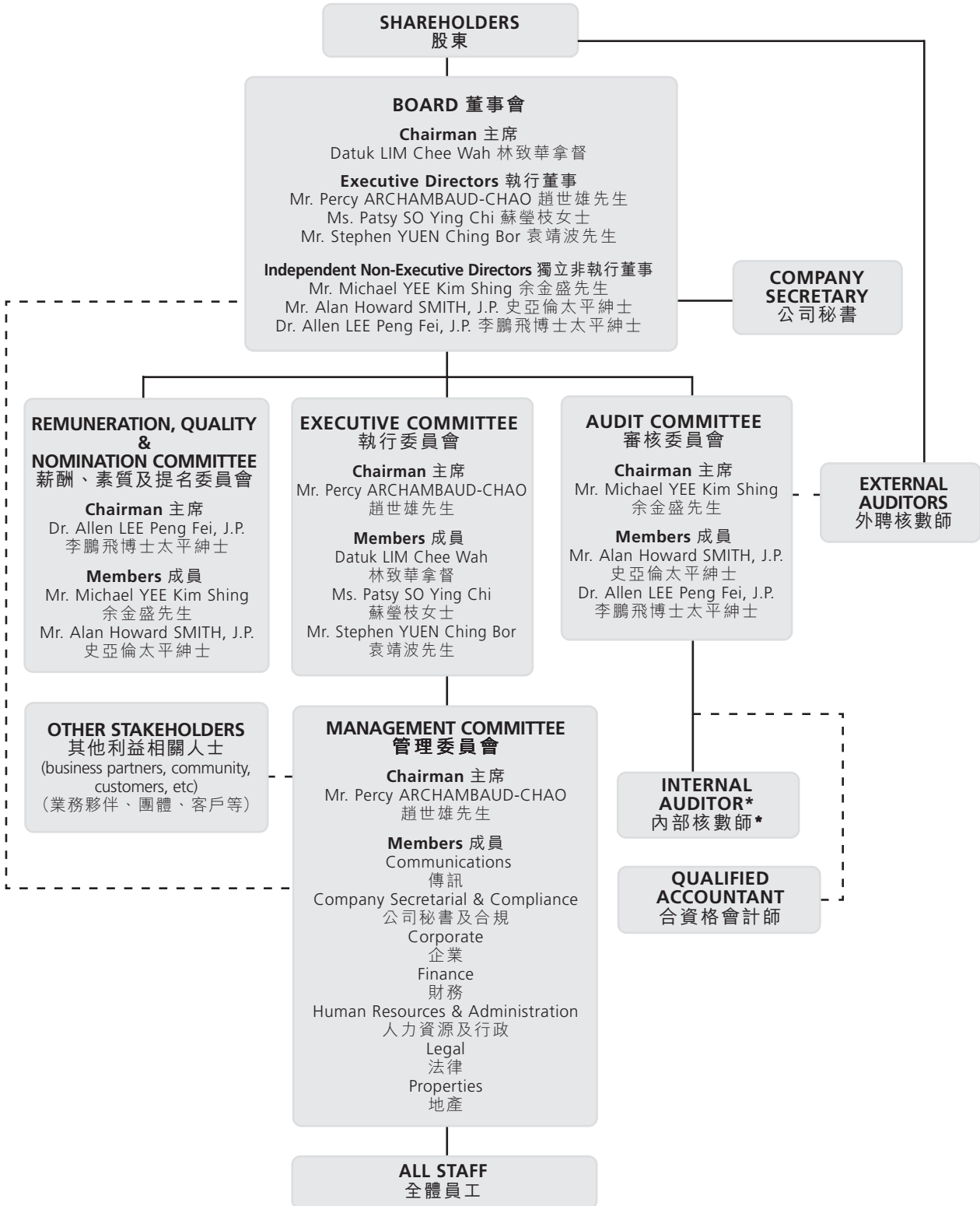
- (1) Formed the Executive Committee and the Remuneration Committee (now expanded to Remuneration, Quality and Nomination Committee) in April 2005;
- (2) Outlined and adopted the Internal Control Manual with the following guidelines and codes from August 2005 onwards:-
 - Guideline on Financial Control - Payment Procedures;
 - Guideline on Financial Control - Receipt Procedures;
 - Guideline on Financial Control - Capital Expenditures;
 - Guideline on Financial Control - Month End Closing and Monthly Management Reporting;
 - Guideline on Communications;
 - Guideline on Supply of Information to the Board;
 - Guideline on Division of Roles of Chairman and Chief Executive Officer;
 - Guideline on Division of Roles of the Board and the Management;
 - Code of Conduct; and
 - Model Code of Securities Dealings by Directors and Relevant Employees of the Company (the "Internal Model Code").
- (3) Reviewed the overall corporate governance practices of the Company in September 2005; and
- (4) Expanded the Remuneration Committee into Remuneration, Quality and Nomination ("RQN") Committee with reference to the CG Code and international standards in September 2005 together with relevant Terms of Reference and revised the Terms of Reference for the Audit Committee in January 2006.

提升企業管治水平

於二零零五年，本公司已採取下述主要措施改善本公司的企業管治水平：-

- (1) 於二零零五年四月，成立執行委員會及薪酬委員會（現已擴展為薪酬、素質及提名委員會）；
- (2) 由二零零五年八月起，概述並採納載有下述指引及守則的《內部監控手冊》：-
 - 《財務監控指引 - 支付程序》；
 - 《財務監控指引 - 收款程序》；
 - 《財務監控指引 - 資本開支》；
 - 《財務監控指引 - 月結及每月管理報告》；
 - 《傳訊指引》；
 - 《向董事會提供資料指引》；
 - 《主席及行政總裁角色分工指引》；
 - 《董事會及管理層角色分工指引》；
 - 《操守準則》；及
 - 《本公司董事及有關僱員進行證券交易的標準守則》（「《內部標準守則》」）。
- (3) 於二零零五年九月，全面審閱本公司的企業管治常規；及
- (4) 於二零零五年九月，參照《企業管治守則》及國際標準，將薪酬委員會擴展為薪酬、素質及提名（「RQN」）委員會及有關的《職權範圍》，並於二零零六年一月修訂審核委員會的《職權範圍》。

CORPORATE GOVERNANCE FRAMEWORK
企業管治架構



* The internal audit function of the Group was served by way of outsourcing during the year.
*年內，本集團之內部審核職能均以外購方式提供。

THE BOARD

VXL Capital is headed by an effective Board which assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Directors take decisions objectively in the interests of the Company.

Board Composition

The Board comprises seven Directors with reporting structure as set out in the above framework, of which four are executive Directors consisting of Datuk LIM Chee Wah (the Chairman), Mr. Percy ARCHAMBAUD-CHAO (the Chief Executive Officer), Ms. Patsy SO Ying Chi and Mr. Stephen YUEN Ching Bor and three are independent non-executive Directors consisting of Mr. Michael YEE Kim Shing, Mr. Alan Howard SMITH, J.P. and Dr. Allen LEE Peng Fei, J.P..

The Board is committed to maintaining a balanced composition in terms of its diversity, independence and relationship.

Board Practices

The Board meets in person regularly and at least four times a year at approximately quarterly intervals to discuss business development as well as the overall strategy of the Company. All Directors are given an opportunity to include matters in the agenda for Board meetings. Formal notice of at least 14 days is given for a regular Board meeting. Reasonable notice will be given for all other Board meetings. Minutes are kept by the Company Secretary and available for inspection by Directors. Directors have full and unrestricted access to relevant information 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. The Executive Committee adopted a guideline on "Supply of Information to the Board" on 3 October 2005 for this purpose. Subsequent to the year, the Board agreed a procedure to enable the Directors to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist them to discharge their duties as clearly set out in the corporate guideline titled "Independent Professional Advice" adopted by the Company in April 2006.

董事會

卓越金融乃由一個高效率的董事會領導。董事會承擔領導及監控本公司的責任，並共同負責指導及監督本公司事務以促進本公司獲取成功。董事亦以客觀的態度作出決策以符合本公司利益。

董事會組成

董事會成員包括七名董事，其匯報結構承載於上述架構內；其中執行董事共四名，包括：林致華拿督（主席）、趙世雄先生（行政總裁）、蘇瑩枝女士及袁靖波先生；及獨立非執行董事共三名，包括：余金盛先生、史亞倫太平紳士及李鵬飛博士太平紳士。

董事會承諾在其背景、獨立性及關係上維持均衡的組合。

董事會常規

董事會定期舉行會議，每年至少四次並約每季度舉行，以討論本公司的業務發展及總體策略。全體董事均有機會要求在董事會會議議程中加入討論事宜。董事會定期會議的正式通告於會議前最少十四日發出。所有其他董事會會議的通告均會於合理時間前發出。會議記錄由公司秘書存置且可供董事查閱。董事可無限制地按時取得所有有關資料，而資料的形式及質量及足以使彼等作出知情決策及履行彼等職責。執行委員會於二零零五年十月三日為此採納《向董事會提供資指引》。於本年度後，董事會已於二零零六年四月同意採納一項可使董事於適當情況下尋求獨立專業意見的程序，清楚列明於題為《獨立專業意見》的指引，以幫助彼等履行各自的職責。

The Board held four meetings and its attendance record during the year is set out below:-

董事會於二零零五年舉行了四次會議，其出席記錄載列如下：-

Directors 董事		Eligibility to Attend 應出席次數	No. of Attendance 出席次數	Attendance Rate 出席率(%)
<i>Present</i>		<i>現有成員</i>		
Datuk LIM Chee Wah	林致華拿督	4	4	100%
Mr. Percy ARCHAMBAUD-CHAO ⁽¹⁾	趙世雄先生 ⁽¹⁾	3	3	100%
Ms. Patsy SO Ying Chi ⁽²⁾	蘇瑩枝女士 ⁽²⁾	3	3	100%
Mr. Stephen YUEN Ching Bor ⁽³⁾	袁靖波先生 ⁽³⁾	3	3	100%
Mr. Michael YEE Kim Shing	余金盛先生	4	4	100%
Mr. Alan Howard SMITH, J.P.	史亞倫太平紳士	4	3	75%
Dr. Allen LEE Peng Fei, J.P. ⁽⁴⁾	李鵬飛博士太平紳士 ⁽⁴⁾	N/A不適用	N/A不適用	N/A不適用
<i>Resigned</i>		<i>退任成員</i>		
Mr. Michael CHUM Hon Wang ⁽⁵⁾	覃漢宏先生 ⁽⁵⁾	1	0	0%
Mr. Alexander AU Siu Kee ⁽⁶⁾	歐肇基先生 ⁽⁶⁾	1	1	100%
Mr. Paul Steven SERFATY ⁽⁷⁾	Paul Steven SERFATY先生 ⁽⁷⁾	1	1	100%

Notes:

附註：

- (1) Appointed as an executive Director on 1 March 2005.
- (2) Appointed as an executive Director on 18 February 2005.
- (3) Appointed as an independent non-executive Director on 18 February 2005 and redesignated as an executive Director on 8 November 2005.
- (4) Appointed as an independent non-executive Director on 6 October 2005.
- (5) Resigned as an executive Director on 18 February 2005.
- (6) Resigned as an independent non-executive Director on 18 February 2005.
- (7) Resigned as an independent non-executive Director on 31 March 2005.

- (1) 於二零零五年三月一日獲委任為執行董事。
- (2) 於二零零五年二月十八日獲委任為執行董事。
- (3) 於二零零五年二月十八日獲委任為獨立非執行董事，並於二零零五年十一月八日調任為執行董事。
- (4) 於二零零五年十月六日獲委任為獨立非執行董事。
- (5) 於二零零五年二月十八日辭任為執行董事。
- (6) 於二零零五年二月十八日辭任為獨立非執行董事。
- (7) 於二零零五年三月三十一日辭任為獨立非執行董事。

Independence

VXL Capital believes that independence brings unbiased judgment and conscience in decision making. The Board comprises three independent non-executive Directors representing over one third of the full Board, of which one possesses accounting expertise as required under Rule 3.10(2) of the Listing Rules. The Board received from each independent non-executive Director a written annual confirmation of their independence and satisfied their independence up to the approval date of this report in accordance with the Listing Rules.

All independent non-executive Directors are not appointed for specific term except the newly appointed Director, Dr. Allen Lee who has a fixed term of one year, but are subject to re-election by rotation. According to the Articles of Association, every year, one third of the Directors who served longest on the Board, are retired and become eligible for re-election at the AGM. Directors appointed to fill a causal vacancy or as an addition to the Board are subject to re-election by Shareholders at the first AGMs after their appointment.

Relationship

There is no family relationship among the Directors, senior management or substantial or controlling Shareholders of the Company.

Chairman and Chief Executive Officer

In order to ensure a balance of power and authority, the responsibilities of the Chairman, Datuk LIM Chee Wah and the Chief Executive Officer, Mr. Percy ARCHAMBAUD-CHAO, are segregated and are clearly set out in the corporate guideline titled "Division of Roles of Chairman and Chief Executive Officer" adopted by the Company in September 2005.

Matters Reserved for the Board

The Board sets out clearly the roles of the Board and the management in the corporate guideline titled "Division of the Roles of the Board and the Management" adopted in September 2005.

Matters reserved for the Board include long term objectives and commercial strategies, corporate and capital structures, financial reporting and controls, internal controls, material contracts, communications, board memberships, remuneration, delegation of authority, corporate governance matters and policy setting.

獨立性

卓越金融相信獨立性可讓作決策時保持中立判斷及良知。董事會包括三名獨立非執行董事，佔董事會人數三分之一以上；其中一名具有《上市規則》第3.10(2)條規定的會計專業知識。董事會已接獲各獨立非執行董事的獨立性年度確認書，並信納彼等截至本報告獲批准日期止《上市規則》所示的獨立性。

除最新委任的董事李鵬飛博士有一年的指定任期外，所有獨立非執行董事均無指定任期；惟須輪值退任以進行重選。根據《組織章程細則》，每年有三分之一於董事會任職時間最長的董事會於股東周年大會上退任並有資格重選。為填補臨時空缺及額外委任的董事則須在其獲委任後的首次股東周年大會上接受股東重選。

關係

本公司的各董事、高級管理人員或主要或控股股東之間不存在親屬關係。

主席及行政總裁

為確保權力與職權平衡，主席林致華拿督及行政總裁趙世雄先生的職責，本公司已於二零零五年九月所採納題為《主席及行政總裁角色分工指引》的企業指引中明確劃分。

保留予董事會的職權

董事會劃分了其與管理層的職責分工，並於二零零五年九月採納了題為《董事會及管理層角色分工指引》的企業指引。

由董事會釐訂的事宜包括：長期目標及商業策略、企業及資本結構、財務匯報及監控、內部監控、重大合約、傳訊、董事會成員、薪酬、授權、企業管治事宜及政策制訂。

Board Committees

Apart from the Audit Committee, the Board established the Executive Committee and the Remuneration, Quality and Nomination ("RQN") Committee with defined terms of reference during the year. Reports of all committee meetings are presented to the Board regularly.

Executive Committee

The Board established its Executive Committee in April 2005. The Executive Committee comprises four executive Directors. The Executive Committee is chaired by Mr. Percy ARCHAMBAUD-CHAO, the Chief Executive Officer and consists of three other members, namely Datuk LIM Chee Wah, Ms. Patsy SO Ying Chi and Mr. Stephen YUEN Ching Bor, who was appointed as a member of the Executive Committee since his redesignation as an executive Director on 8 November 2005.

The Executive Committee has its clear Terms of Reference, among other things, is responsible for implementation of the policies and decisions of the Board, adopting and implementing internal operational policies and guidelines for management and employees, reviewing the interim results and year-ended financial statements prior to review by the Audit Committee of the Board, formulating and supervising the implementation of policies on the day-to-day business operations of the Group, reviewing the operating and capital budgets of the Group and to submit their recommendations to the Board for approval and reviewing proposals involving acquisition or disposal of assets.

The main works performed by the Executive Committee during the year include the following:–

- (1) Approved various bank accounts opening operational issues;
- (2) Reviewed and approved various business investments under their authorities;
- (3) Reviewed and approved various operational issues;
- (4) Reviewed interim and annual results;
- (5) Reviewed the Company's corporate governance practices in accordance with the CG Code; and
- (6) Adopted the Internal Control Manual with corporate guidelines.

董事委員會

除審核委員會外，董事會於年內已成立具備界定職權範圍的執行委員會及薪酬、素質及提名（「RQN」）委員會。所有委員會會議報告會定期提交予董事會。

執行委員會

董事會於二零零五年四月成立其執行委員會。執行委員會包括四名執行董事。執行委員會由行政總裁趙世雄先生出任主席，並包括其他三名成員：林致華拿督、蘇瑩枝女士及袁靖波先生。袁先生於二零零五年十一月八日調任為執行董事後獲委任為執行委員會成員。

執行委員會有其明確的《職權範圍》，其中包括：負責執行董事會的政策及決策、採納並落實與管理層及僱員相關的內部營運政策及指引、於董事會轄下的審核委員會審閱中期業績及年末財務報表前審閱該等中期業績及年末財務報表、制訂並監督落實與本集團日常業務營運相關的政策、審閱本集團的營運及資本預算及提交彼等的建議予董事會批准；及審閱涉及收購或出售資產的建議。

執行委員會於年內履行的主要工作包括下列各項：–

- (1) 批准開立各銀行賬戶的營運事項；
- (2) 根據其職權審閱及批准各類業務投資；
- (3) 審閱及批准各類營運事項；
- (4) 審閱中期及年度業績；
- (5) 根據《企業管治守則》審閱本公司的企業管治常規；及
- (6) 《內部監控手冊》及企業指引。

Audit Committee

The Audit Committee comprises three independent non-executive Directors who possess appropriate business, legal, engineering and financial experience and skills to undertake review of financial statements in accordance with good practice of financial reporting. The Audit Committee is chaired by Mr. Michael YEE Kim Shing and consists of two other members, namely Mr. Alan Howard SMITH, J.P. and Dr. Allen LEE Peng Fei, J.P.. Mr. Stephen YUEN Ching Bor was a member of the Audit Committee from 24 March 2005 and resigned on 8 November 2005 since his redesignation as an executive Director.

The Audit Committee has its clear Terms of Reference setting out, among other things, its principal duties as follows:–

- (1) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the External Auditors, and to approve the remuneration and terms of engagement of the External Auditors, and any questions of resignation or dismissal of that Auditors;
- (2) to review and monitor the External Auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (3) to develop and implement policy on the engagement of the External Auditors to supply non-audit services;
- (4) to monitor the integrity of financial statements and to review the annual report, interim reports and financial statements, and significant financial reporting judgements contained in them before submission to the Board;
- (5) to review financial control, internal control and risk management systems;
- (6) to review the External Auditors' management letter on issues and matters brought to management's attention concerning the accounting records, financial accounts or systems of control and management's response and ensure that the Board or its delegates, e.g. the management, will provide a timely response, including implementation and rectification, to the issues raised in the External Auditors' management letter;
- (7) to review the existence and propriety of any related party transactions and conflict of interest situations;

審核委員會

審核委員會包括三名獨立非執行董事。彼等董事具備合適的商業、法律、工程及財務經驗與技能，以根據財務匯報的良好慣例審閱財務報表。審核委員會由余金盛先生出任主席，並包括其他兩名成員：史亞倫太平紳士及李鵬飛博士太平紳士。袁靖波先生由二零零五年三月二十四日起為該委員會成員，並於二零零五年十一月八日因其調任為執行董事而辭任。

審核委員會具備其明確的《職權範圍》，其中包括以下主要職責：–

- (1) 主要負責就外聘核數師的委任、重新委任及罷免向董事會提供建議、批准外聘核數師的薪酬及聘用條款；及處理任何有關該核數師辭職或辭退該核數師的問題；
- (2) 按適用的標準檢討及監察外聘核數師是否獨立和客觀，及審核程序是否有效；
- (3) 就外聘核數師提供非審核服務制訂政策，並予以執行；
- (4) 監察財務報表及年報、中期報告及財務報表的完整性，並於提交予董事會前審閱報表及報告所載有關財務匯報的重大意見；
- (5) 檢討財務監控、內部監控及風險管理制度；
- (6) 檢查外聘核數師給予管理層的《審核情況說明函件》、核數師就會計記錄、財務賬目或監控系統向管理層提出的任何事宜及管理層作出的回應，確保董事會或其獲授權代表（例如管理層）及時回應（包括落實及改正）於聘核數師給予管理層的《審核情況說明函件》中提出的事宜；
- (7) 檢討關聯方交易及利益衝突情況是否存在及適當；

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| <p>(8) to review the Corporate Governance Report and to approve the Audit Committee's annual report on its activities; and</p> <p>(9) to undertake other functions and topics as defined by the Board.</p> | <p>(8) 審閱《企業管治報告》及批准審核委員會活動相關的年度報告；及</p> <p>(9) 履行由董事會界定的職能及課題。</p> |
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The Audit Committee held two meetings and its attendance record during the year is set out below:—

年內審核委員會舉行了兩次會議，其出席記錄載列如下：—

Directors 董事	Eligibility to Attend 應出席次數	No. of Attendance 出席次數	Attendance Rate 出席率(%)	
<i>Present</i> 現有成員				
Mr. Michael YEE Kim Shing	余金盛先生	2	2	100%
Mr. Alan Howard SMITH, J.P.	史亞倫太平紳士	2	2	100%
Dr. Allen LEE Peng Fei, J.P. ⁽¹⁾	李鵬飛博士太平紳士 ⁽¹⁾	N/A不適用	N/A不適用	N/A不適用
<i>Resigned</i> 退任成員				
Mr. Stephen YUEN Ching Bor ⁽²⁾	袁靖波先生 ⁽²⁾	2	2	100%
Mr. Alexander AU Siu Kee ⁽³⁾	歐肇基先生 ⁽³⁾	N/A不適用	N/A不適用	N/A不適用
Mr. Paul Steven SERFATY ⁽⁴⁾	Paul Steven SERFATY先生 ⁽⁴⁾	N/A不適用	N/A不適用	N/A不適用

Notes:

附註：

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| <p>(1) Appointed as a member on 6 October 2005.</p> <p>(2) Appointed as a member on 24 March 2005 and resigned since his resignation as an executive Director on 8 November 2005.</p> <p>(3) Resigned as a member on 18 February 2005.</p> <p>(4) Resigned as a member on 31 March 2005.</p> | <p>(1) 於二零零五年十月六日獲委任為成員。</p> <p>(2) 於二零零五年三月二十四日獲委任為委員會成員，並於二零零五年十一月八日因其調任為執行董事而辭任。</p> <p>(3) 於二零零五年二月十八日辭任為成員。</p> <p>(4) 於二零零五年三月三十一日辭任為成員。</p> |
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In addition to physical meetings, the Audit Committee makes decision by way of circulation of written resolutions. The main works performed by the Audit Committee during the year include the following:—

除舉行會議外，審核委員會亦透過傳閱書面決議案作出決策。審核委員會於年內進行的主要工作包括下列各項：—

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| <p>(1) reviewed with the External Auditors their audit plans (inclusive of system evaluation, audit fees, issues raised and management response) prior to the commencement of the annual audit;</p> <p>(2) reviewed with the External Auditors the draft annual and interim financial statements and announcements, the audit reports, issues and reservations arising from audits and the management letters;</p> <p>(3) reviewed and recommended to the Board as to the reappointment and remuneration of the External Auditors;</p> | <p>(1) 於年度審核開始前，與外聘核數師一起審閱審核方案(包括系統評估、審核費用、向管理層提出的事宜及管理層回應)；</p> <p>(2) 與外聘核數師一起審閱年度及中期財務報表草擬本及公告、審核報告、審核及管理層的《審核情況說明函件》中提出的事宜及保留事項；</p> <p>(3) 審閱及向董事會建議關於外聘核數師的重新委任及薪酬；</p> |
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| (4) reviewed and approved an internal audit report; | (4) 審閱及批准內部審核數報告； |
| (5) reviewed the adequacy and effectiveness of internal control systems, through review of the work undertaken by the Internal and External Auditors; | (5) 透過檢討內部及外聘核數師進行的工作，檢討內部監控制度是否充足及有效； |
| (6) reviewed and recommended to the Board on the revision of the Terms of Reference of the Audit Committee pursuant to Code C.3.3 of the CG Code; | (6) 審閱及向董事會建議關於根據《企業管治守則》第C.3.3條而對委員會的《職權範圍》作出修訂； |
| (7) reviewed the disclosure of related party transactions entered into by the Company and the Group and any conflict of interest situation which may have an impact on management's integrity; | (7) 審閱本公司及本集團所參與關聯交易的披露事項，並檢討是否存在可能影響管理層行持正的利益衝突情況； |
| (8) updated and advised the Board with any latest changes and pronouncements that may have been issued by the professional, statutory and regulatory bodies; and | (8) 更新及知會董事會就專業、法定及監管機構可能頒布的任何最新變動及公布；及 |
| (9) reported to and updated the Board on significant issues and concerns discussed during the Audit Committee's meetings and, where appropriate, made the necessary recommendations to the Board; | (9) 滙報及更新董事會於審核委員會會議上討論的重大事宜及有關事項及當合適時向董事會作出必要的建議； |

Subsequent to the year, the Audit Committee undertook the following particular duties in their meeting held in April 2006:–

於本年度後，審核委員會於二零零六年四月召開的會議進行了下列主要工作：–

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| (1) prepared the Audit Committee's annual report for inclusion in the Company's Annual Report; and | (1) 編制載於本公司年報的審核委員會年度報告；及 |
| (2) reviewed with management the disclosure statements on compliance with the CG Code, the Board's responsibility for preparing the annual audited financial statements and other statements for publication in the Company's Annual Report. | (2) 與管理層一起審閱《企業管治守則》合規事宜的披露聲明，董事會編制年度經審核財務報表及其他其他報表以供本公司年報刊發的職責。 |

Remuneration, Quality and Nomination Committee

The Board established its Remuneration Committee in April 2005 and expanded it by adding quality and nomination functions to the Remuneration, Quality and Nomination (“RQN”) Committee in September 2005.

The RQN Committee comprises three independent non-executive Directors. The Committee is chaired by Dr. Allen Lee Peng Fei, J.P. and consists of two other members, namely Mr. Michael YEE Kim Shing and Mr. Alan Howard SMITH, J.P.. Mr. Stephen YUEN Ching Bor was a member of the RQN Committee from 27 April 2005 and resigned on 8 November 2005 since his redesignation as an executive Director. Mr. Alan Howard SMITH, J.P. resigned as the Chairman of the RQN Committee but remained as a member on 6 October 2005. Subsequent to the year, it was approved by the Board that the Chief Executive Officer be appointed as a member of the RQN Committee with effect from 13 April 2006.

The RQN Committee has its clear Terms of Reference setting out, among other things, its principal duties as follows: –

- (1) to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (2) to determine specific remuneration packages of all executive Directors and senior management and make recommendations to the Board of remuneration of non-executive Directors;
- (3) to review the structure, size and composition of the Board and make recommendations to the Board;
- (4) to identify suitably qualified candidates for nomination for directorships ;
- (5) to establish a mechanism for formal assessment and to carry out an periodical assessment to evaluate the effectiveness of the Board;
- (6) to develop and arrange an in-house orientation programme for new Director to undergo within three months of the appointment;

薪酬、素質及提名委員會

董事會於二零零五年四月設立其薪酬委員會，並於二零零五年九月增設素質及提名職能而將其擴展至薪酬、素質及提名（「RQN」）委員會。

RQN委員會由三名獨立非執行董事組成。RQN委員會由李鵬飛博士太平紳士出任主席，並包括其他兩名成員：余金盛先生及史亞倫太平紳士。袁靖波先生自二零零五年四月二十七成為RQN委員會成員，並於二零零五年十一月八日因其調任為執行董事而辭任。史亞倫太平紳士於二零零五年十月六日辭任委員會主席，但仍為委員會成員。於本年度後，董事會批准委任行政總裁為RQN委員會的成員，於二零零六年四月十三日生效。

RQN委員會有其明確的《職權範圍》，其中包括以下主要職責：–

- (1) 就全體董事及高級管理人員的薪酬政策及架構及就制訂此等薪酬政策設立正規及具透明度的程序，向董事會提供建議；
- (2) 釐訂全體執行董事及高級管理人員的特定薪酬待遇，並就非執行董事的薪酬向董事會提供建議；
- (3) 檢討董事會的架構、人數及組成，並向董事會作出建議；
- (4) 物色適當的合資格董事提名人選；
- (5) 建立正規評估機制，並進行定期評估以評估董事會的效能；
- (6) 於新董事獲委任後三個月內制訂及安排內部導向計畫；

- (7) to identify and recommend suitable programmes to ensure existing Directors receive continuous training or enhancement of knowledge particularly pertaining to regulatory developments from time to time; and (7) 識別及建議適當的計畫，以確保現有董事不時獲得持續培訓或知識提升，尤其有關監管發展的知識；及
- (8) to set key performance indicators in assessing performance of key personnel. (8) 建立評估主要人士表現的主要表現指標。

The RQN Committee held one meeting and its attendance record during the year is set out below:—

年內RQN委員會舉行了一次會議，其出席記錄載列如下：—

Directors 董事		Eligibility to Attend 應出席次數	No. of Attendance 出席次數	Attendance Rate 出席率(%)
<i>Present</i> 現有成員				
Dr. Allen Lee Peng Fei, J.P. ⁽¹⁾	李鵬飛博士太平紳士 ⁽¹⁾	N/A不適用	N/A不適用	N/A不適用
Mr. Michael YEE Kim Shing ⁽²⁾	余金盛先生 ⁽²⁾	1	1	100%
Mr. Alan Howard SMITH, J.P. ⁽³⁾	史亞倫太平紳士 ⁽³⁾	1	1	100%
<i>Resigned</i> 退任成員				
Mr. Stephen YUEN Ching Bor ⁽⁴⁾	袁靖波先生 ⁽⁴⁾	1	1	100%

Notes:

附註：

- (1) Appointed as the Chairman and member on 6 October 2005. (1) 於二零零五年十月六日獲委任為主席及成員。
- (2) Appointed as a member on 27 April 2005. (2) 於二零零五年四月二十七日獲委任為成員。
- (3) Appointed as the Chairman and member on 27 April 2005 and resigned as the Chairman but remained as a member on 6 October 2005. (3) 於二零零五年四月二十七日獲委任為主席及成員，並於二零零五年十月六日辭任主席，但仍留任為成員。
- (4) Appointed as a member on 27 April 2005 and resigned since his redesignation as executive Director on 8 November 2005. (4) 於二零零五年四月二十七日獲委任為成員，並自其於二零零五年十一月八日因其調任為執行董事而辭任。

The main works performed by the RQN Committee during the year include the following:-

- (1) reviewed and recommended to the Board on the role and functions of the Remuneration Committee to expand the Remuneration Committee into RQN Committee with reference to the CG Code and international standards together with relevant terms of reference;
- (2) reviewed and recommended to the Board on the revision and enlargement of the Terms of Reference of the RQN Committee; and
- (3) evaluated the eligibility and suitability of the nomination of Dr. Allen Lee as an independent non-executive Director of the Company.

Subsequent to the year, the RQN Committee undertook the following particular duties in their meeting held in April 2006:-

- (1) recommended to the Board a formal and transparent procedure for developing policy on the remuneration of Directors, senior management and staff;
- (2) set up the Remuneration Policy of Directors, senior management and staff;
- (3) recommended to the Board the ratification of the remuneration packages of executive Directors and senior management for the year 2005 and adjustments for the year 2006, and recommended 2005 directors' fee;
- (4) reviewed the structure, size and composition of the Board;
- (5) recommended to the Board the procedures on Directors' nomination, appointment and re-appointment;
- (6) reviewed and recommended to the Board the re-appointment of Directors;
- (7) recommended to the Board the fixing of a specific term for all non-executive Directors;

RQN委員會於年內進行的主要工作包括下列各項：—

- (1) 參照《企業管治守則》及國際標準及相關參照條款，就薪酬委員會的職責及職能進行檢討並向董事會作出建議，以拓展薪酬委員會為薪酬、素質及提名（「RQN」）委員會；
- (2) 就委員會的《職權範圍》的修訂及擴大進行審核並向董事會作出建議；及
- (3) 評估提名李鵬飛博士為本公司獨立非執行董事的資格及適當性。

於本年度後，RQN委員會於二零零六年四月召開的會議進行了下列主要工作：—

- (1) 向董事會就全體董事、高級管理人員及員工的薪酬政策，設立正規及具透明度的程序提供建議；
- (2) 建立董事、高級管理人員及員工薪酬政策；
- (3) 就批准執行董事及高級管理人員於二零零五年度的薪酬待遇及於二零零六年度的調整向董事會提供建議，及建議二零零五年度的董事袍金；
- (4) 審核董事會的架構、人數及組成；
- (5) 就董事的提名、委任及重新委任的程序向董事會提供建議；
- (6) 檢討董事的重新委任，並向董事會提供建議；
- (7) 就釐訂全體非執行董事的固定任期向董事會提供建議；

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| (8) recommended to the Board a specimen appointment letter for non-executive Directors; | (8) 就非執行董事的委任函件範本向董事會提供建議； |
| (9) assessed and evaluated the effectiveness of the Board as a whole for the year 2005; | (9) 評估及評定二零零五年度的全體董事會效能； |
| (10) reviewed the suitability of the present in-house induction and continuous training programmes for Directors; | (10) 審核現有的董事內部就任須知及持續培訓計畫的適當性； |
| (11) reviewed the present succession planning arrangement; | (11) 審核現有的繼任安排； |
| (12) reviewed and recommended to the Board the appointment of the Chief Executive Officer and its successor as a member of the RQN Committee; and | (12) 就RQN委員會的委任行政總裁及其接班人出任RQN成員進行檢討並向董事會提供建議；及 |
| (13) prepared the RQN Committee's annual report for inclusion in the Company's Annual Report. | (13) 編制載於本公司年報的RQN委員會年度報告。 |

DIRECTORS' RESPONSIBILITIES

Under Statute, Rules and Regulations

All Directors of VXL Capital, collectively and individually, are aware of their responsibilities to the Shareholders for the conduct, business activities and development of the Company and shall perform their responsibilities in accordance with the CG Code. They have a proper understanding of the operations and business of the Company and are fully aware of their responsibilities under statute and common laws, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company.

The following statements, which set out the responsibilities of the Directors in relation to the financial statements, should be read in conjunction with the Auditors' Report contained in this Annual Report.

Annual Report and Accounts

The Directors acknowledge their responsibility to prepare financial statements which give a true and fair view.

Accounting Policies

The Directors consider that, in preparing the financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the Listing Rules, the Companies Ordinance and the applicable accounting standards.

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Going Concern

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and has no material uncertainties and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

董事責任

於法規、規則及規例下的責任

卓越金融全體董事共同及個別地認識到其在本公司的操守、業務活動及發展方面須向股東承擔責任，並應根據《企業管治守則》履行其責任。彼等對本公司的營運及業務均有適當的理解，及完全明白本身在法規及普通法、《上市規則》、適用的法律規定及其他監管規定；及本公司的業務及管治政策下的職責。

下文載述董事對財務報表的責任，應與本年報中的《核數師報告》一併閱讀。

年度報告及賬目

董事申明有責任編制反映真實及公平意見的財務報表。

會計政策

董事認為在編制財務報表的過程中，本集團採用適當貫徹的會計政策，並遵守所有相關會計準則。

會計記錄

董事有責任確保本集團保存能合理準確地披露本集團的財政狀況、及能予以編制根據《上市規則》、《公司條例》及有關會計準則的財務報表的會計記錄。

保障資產

董事有責任採取所有合理及必須的措施以保障本集團資產及防範及查明欺詐及其他不當行為。

持續經營基準

董事在作出適當查詢後，認為本集團有充裕資源以供在可見將來持續經營，及並無重大不明朗因素；故認為適宜採納持續經營基準編制財務報表。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2005, the interests and short positions of the Directors and the Chief Executive Officer of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO as recorded in the register maintained by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:-

Name of Director	董事姓名	Long Position (Share) 好倉(股份)	Nature of interests 權益性質 (%)	Approximate percentage of the then total issued share capital 佔當時已發行股本 的概約百分比
Datuk LIM Chee Wah ("Datuk Lim")	林致華拿督 (「林拿督」)	53,465,400 ⁽¹⁾	Interest through a controlled corporation 透過受控制公司持有的權益	74.26
Mr. Percy ARCHAMBAUD-CHAO ("Mr. A. Chao")	趙世雄先生 (「趙先生」)	15,000,000 ⁽²⁾	Interest through a controlled corporation 透過受控制公司持有的權益	20.83

Notes:

- The corporate interests in these Shares are held through VXL Capital Partners Corporation Limited ("VXL Partners"), a company which is wholly and beneficially owned by Datuk Lim. The interests on 15,000,000 shares are duplicated with that of Mr. A. Chao and those shown in Notes 2 & 3 of the subsection entitled "Substantial Shareholders' Interests in Securities" hereinafter.
- The corporate interests in these Shares are held through Huge More Limited, a company which is wholly and beneficially owned by Mr. A. Chao. The interests on 15,000,000 shares are duplicated with that of Datuk Lim and those shown in Notes 2 & 3 of the subsection entitled "Substantial Shareholders' Interests in Securities" hereinafter.

Save as disclosed above, as at 31 December 2005, none of the Directors, the Chief Executive Officer of the Company or their associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register maintained under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事及行政總裁的證券權益

於二零零五年十二月三十一日，根據《證券及期貨條例》第三百五十二章規定須由本公司存備的登記冊所載，本公司各董事及行政總裁於本公司及其相聯法團（按《證券及期貨條例》第XV部所賦予的涵義）的股份、相關股份及債權證，或根據《上市規則》的《標準守則》須知會本公司及聯交所的權益及淡倉如下：-

Name of Director	董事姓名	Long Position (Share) 好倉(股份)	Nature of interests 權益性質 (%)	Approximate percentage of the then total issued share capital 佔當時已發行股本 的概約百分比
Datuk LIM Chee Wah ("Datuk Lim")	林致華拿督 (「林拿督」)	53,465,400 ⁽¹⁾	Interest through a controlled corporation 透過受控制公司持有的權益	74.26
Mr. Percy ARCHAMBAUD-CHAO ("Mr. A. Chao")	趙世雄先生 (「趙先生」)	15,000,000 ⁽²⁾	Interest through a controlled corporation 透過受控制公司持有的權益	20.83

附註：

- 該等股份的公司權益乃透過由林拿督全資及實益擁有的VXL Capital Partners Corporation Limited (「VXL Partners」)持有。15,000,000股股份權益與趙先生的權益及下文「主要股東的證券權益」分節附註2及3所顯示的權益重疊。
- 該等股份的公司權益乃透過由趙先生全資及實益擁有的Huge More Limited持有。15,000,000股股份的權益與林拿督的權益及下文「主要股東的證券權益」分節附註2及3所顯示的權益重疊。

除上文所披露者外，於二零零五年十二月三十一日，根據《證券及期貨條例》第三百五十二條規定須由本公司存備的登記冊所載，本公司及其全體董事及行政總裁概無本公司或其任何相聯法團（按《證券及期貨條例》第XV部所賦予的涵義）的股份、相關股份及債權證或根據《標準守則》須知會本公司及聯交所的權益及淡倉。

REMUNERATION POLICY

VXL Capital considers a properly structured and fair remuneration policy can support the alignment of the interests of Directors, senior management and staff with the Group's interests. Subsequent to the year, the Directors adopted the "Remuneration Policy" in April 2006 setting out the remuneration policy for Directors, senior management and staff.

Under the Policy, a Director is not allowed to approve his own remuneration. The principal elements of VXL Capital's executive Directors' remuneration package include basic salary and benefits, discretionary bonus without capping and share option.

The remuneration, comprising Directors' fees, of non-executive Directors is subject to annual assessment and recommendation by the RQN Committee to the Board and Shareholders' approval at the AGM. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at Company meetings.

The remuneration for senior management and staff is subject to the same policies of the Group's executive Directors. The remuneration level and structure of the Group is reviewed annually taking into consideration of the competitive market position, market practice and individual performance.

薪酬政策

卓越金融認為只有架構妥善、公平合理的薪酬政策，才能使董事、高級管理人員及員工利益，與公司及股東利益一致。董事於二零零六年四月採納《薪酬政策》闡明董事、高級管理人員及員工的薪酬政策。

根據該政策，董事不可批准本身薪酬。卓越金融的執行董事薪酬待遇的主要項目包括：基本酬金及利息、無上限的酌情花紅及購股權。

非執行董事的薪酬包括董事袍金，乃根據年度評估及RQN委員會向董事會作出的建議，並經股東於股東周年大會上批准而釐訂。其可獲償付就履行其職責（包括出席本公司會議）所產生預算以外的開支。

高級管理人員及員工的薪酬乃根據與本集團執行董事相同的薪酬政策釐訂。因應市場競爭情況及慣例，以及個人表現，而每年檢討高級管理人員的薪酬水平及結構。

DIRECTOR'S NOMINATION AND APPOINTMENT

Subsequent to the year, the Company adopted a practice of "Directors' Nomination, Appointment and Re-appointment" in April 2006 setting out the procedures, processes and criteria to select and recommend candidates for directorship.

Directors and Shareholders can nominate a candidate for directorship to the RQN Committee for review pursuant to the Articles of Association while the RQN Committee can propose any nomination directly to the Board. The reviewed and selected candidate(s) will then be put forward to the Board and/ or Shareholders for approval as applicable.

The Company started in October 2005 to provide comprehensive, formal and tailored induction to every newly appointed Director on the first occasion of his appointment to ensure that he has a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities under statute and common laws, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company.

EXTERNAL AUDITORS

The Group's External Auditors are PricewaterhouseCoopers. The External Auditors provide an annual audit assurance on the Company's financial statements. It is the responsibility of the External Auditors to form an independent opinion, based on their audit, on the financial statements and to report their opinion solely to the Shareholders, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. The Audit Committee is obliged to ensure continuing External Auditors' objectivity and safeguard independence. Subsequent to the year, the Directors adopted the Policy of the "Award of Non-Audit Services to External Auditors" on 13 April 2006.

In relation to the details of the audit and non-audit fees on services rendered to the Group for the year 2005, please refer to the financial statements as set out in this Annual Report.

董事的提名及委任

於本年度後，本集團於二零零六年四月採納《董事提名、委任及重新委任》的常規，並列明篩選及提名董事候選人的程序、過程及標準。

董事及股東可按《組織章程細則》向RQN委員會提名董事候選人，以供其檢討，而RQN委員會可直接向董事會建議任何提名。經審查及篩選的候選人將提呈予董事會及／或股東批准（如適用）。

於二零零五年十月，本公司已開始向每名新委任的董事在首次接受委任時提供全面、正式及個別訂定的就任須知，以確保其對本公司的運作及業務均有適當的理解，以及完全明白本身在法規及普通法、《上市規則》、適用的法律規定及其他監管規定以及本公司的業務及管治政策下的職責。

外聘核數師

本集團的外聘核數師為羅兵咸永道會計師事務所。外聘核數師為本公司的財務報表提供年度審核保證。外聘核數師的責任是根據審核的結果，對該等財務報表作出獨立意見，並按照《公司條例》第一百四十一條僅向整體股東報告其意見，除此之外本報告並無其他目的。審核委員會負責確保外聘核數師的持續客觀及保證獨立。於本年度後，董事於二零零六年四月十三日採納了《授予外聘核數師非審核服務》的政策。

有關於二零零五年提供予本集團的審核及非審核服務費用的詳情，請參閱本年報的財務報表。

INTERNAL AUDIT FUNCTION

Although there was no in-house internal audit unit set up during the year, the Company engaged outsourced internal audit services to review annually on specific areas of concern identified by the management or the Audit Committee. In March 2005, the outsourced Internal Auditors carried out a review of the Company and VXL Financial Services Limited, a wholly-owned subsidiary of the Company, on the system and internal control assurances so as to furnish some degree of comfort to the Audit Committee and the Board on the reliability and integrity of the system and control processes. Subsequent to the year, the outsourced Internal Auditors undertook an annual audit review on the effectiveness of the system of internal control of the Company in January 2006 which would enable the Board to report on the outcome of the review appropriately in accordance with the recommended disclosure in this Corporate Governance Report. The need for an in-house internal audit unit was reviewed in the year and again in April 2006.

QUALIFIED ACCOUNTANT

The Company engaged a full-time qualified accountant as specified under the Listing Rules in overseeing the Group in connection with its (i) financial reporting procedures and (ii) internal controls and (iii) compliance with the requirements under Listing Rules with respect to financial reporting and other accounting-related issues.

COMPANY SECRETARY

The Company Secretary is accessible by all Directors for advice and services with a view of ensuring that Board procedures are followed. She assists the Chairman of the Board and its committees in preparing agendas for meetings and in preparing and disseminating Board papers to the Directors and Board Committee members in a timely and comprehensive manner. The Company Secretary is also directly responsible for the overall corporate governance and compliance with the continuing obligations of the Listing Rules, Companies Ordinance and the SFO, including timely dissemination of announcements and information relating to the Group to the market and ensuring that proper notification of Directors' dealings in securities of the Company is made, etc.

內部審核職能

年內，本公司並無建立內部審核部門，但已外聘內部審核服務，對管理層或審核委員會所關注的特定範圍進行年度檢討。於二零零五年三月，外聘內部核數師對本公司及其全資附屬公司卓越企業融資有限公司的內部監控制度及程序進行檢討，以向審核委員會及本公司董事會提供有關制度及監控程序可靠性及完整性的一定信心保證。於本年度後，外聘內部核數師於二零零六年一月對本公司內部監控制度的效率進行年度審核，以確保董事會根據《企業管治報告》內的建議披露就審核結果作出適當報告。於本年度及二零零六年四月，本公司曾兩度檢討成立內部審核部門的必要性。

合資格會計師

本公司已根據《上市規則》規定聘請一名合資格會計師以監督本集團的(i)財務匯報程序及(ii)內部監控及(iii)就財務匯報及其他會計相關事宜遵守《上市規則》的有關規定。

公司秘書

所有董事均可取得公司秘書的意見及享用其服務，目的是為了確保董事會程序獲得遵守。公司秘書協助董事會主席及其委員會主席籌備會議議程及時及全面地編制董事會文件以向董事及董事委員會成員派發。公司秘書亦直接負責總體企業管治及確保《上市規則》、《公司條例》及《證券及期貨條例》的持續責任獲得遵守：包括及時向市場發出公告及本集團相關資料及確保就董事買賣本公司證券作出適當的通知等。

INTERNAL CONTROL AND RISK MANAGEMENT

In VXL Capital, the Board has overall responsibility for internal control and reviewing its effectiveness. A set of policies and procedures is in place to ensure that assets are adequately protected against unauthorized use or disposal and that the interests of Shareholders are safeguarded. The systems in place are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board maintains an organizational structure with clearly defined levels of responsibility and authority and appropriate reporting procedures. The Board meets regularly and has a schedule of matters that are brought to it for decision in order that effective control over strategic, financial, operational and compliance issues can be maintained.

The Audit Committee highlighted the benefits of establishing a formal risk management function and framework to the Board and the management looked into "The Internal Control and Risk Management – A Basic Framework" issued by the HKICPA during the year.

Subsequent to the year, the outsourced Internal Auditors recommended to the Audit Committee and the Audit Committee accepted and proposed to the Board in April 2006 the establishment of a formal risk management framework, strategies and policies and the formation of a risk management committee. In the Board meeting held in April 2006, the Board resolved to instruct the management to finalize the risk management framework to lay the ground of risk management for the Company.

內部監控及風險管理

在卓越金融，董事會全權負責內部監控及檢討內部監控是否有效。本公司設有一套政策及程序以確保資產獲得充份保障，防止未經授權使用或出售資產，以及確保股東利益獲得保障。本公司實施了一項專門用以管理（而非消除）未能達成業務目標風險的制度，且僅能為防止出現重大錯誤陳述或虧損提供合理但非絕對的保證。

董事會維持組織架構具備明確界定的職責及職權水平及合適的報告程序。董事會定期舉行會議並訂明提交其釐訂的事宜，以保持對策略、財務、營運及遵守法規事宜進行有效監控。

審核委員會已向董事會強調建立正規風險管理職能及架構的益處，管理層亦已閱覽了香港會計師公會於年內頒佈的《內部監控及風險管理 – 基本架構》。

於本年度後，審核委員會已接到從外部聘請內部核數師的建議，審核委員會採接納了有關建議，並於二零零六年四月向董事會提出建立正規風險管理架構、策略及政策及成立風險管理委員會的方案。在二零零六年四月舉行的董事會會議上，董事會議決指示管理層完成建立風險管理架構並成立風險管理委員會。

Besides, the Company undertook the following measures to maintain internal control environment during the year:-

Internal Control Manual

A written outline of an "Internal Control Manual" specifying financial, operational, compliance and risk controls was approved by the Executive Committee in August 2005 and certain internal control guidelines were developed throughout the year. This Manual will be rolled out in stages by departmental heads.

Price-Sensitive Information

VXL Capital is aware of its obligations under the Listing Rules in disclosing price-sensitive information. The Directors take extreme precautionary measures in handling price-sensitive information. The Executive Committee adopted a guideline on "Communications" in September 2005 in setting out detailed procedures and measures in handing dissemination of price-sensitive information. Designated spokesmen were identified to respond to enquiries in allocated areas of issues. An Investor Relations Advisor and the Compliance Officer were assigned to ensure accurate and appropriate information being announced to the Company's existing and potential investors.

Code of Conduct

The Group believes its business success is built on high standards of business ethical practices. VXL Capital adopted its "Code of Conduct" in November 2005 and received written acknowledgement by every employee for continuous compliance.

All management and staff, as well as Directors themselves, are subject to the Code of Conduct which places them under specific obligations as to the ethics and principles by which our business is conducted. All staff are required to sign written acknowledgement of this Code.

此外，本公司於本年度內已採納下列措施以維持內部監控環境：—

《內部監控手冊》

《內部監控手冊》的書面大綱列明財務、營運、合規及風險監控已於二零零五年八月獲得執行委員會批准通過，且若干內部監控指引已於年度內完成制定。該手冊由部門負責人按階段展開。

股價敏感資料

卓越金融明白《上市規則》規定有關披露股價敏感資料的責任。本公司在處理股價敏感資料時採取高度預防性措施。執行委員會於二零零五年九月已採納《傳訊指引》，闡述了處理傳播股價敏感資料的詳細程序及措施。本公司已物色指定代理人以回應指定範疇內的查詢。本公司亦委派一名投資者關係顧問及一名監察人員確保向本公司的現有及潛在投資者公布的資料準確、適當。

《操守準則》

本集團相信其業務成功乃基於其秉持高標準的商業道德操守。卓越金融於二零零五年十一月採納其《操守準則》，並收到每位僱員簽置持續遵守的確證書。

所有管理人員及員工以及董事均須遵守《操守準則》(規定彼等與本公司業務操作原則及道德標準有關的特定責任)。所有員工均須簽署該準則的確證書。

Internal Model Code

The Board adopted its “Model Code of Securities Dealings by Directors and Relevant Employees of the Company” (the “Internal Model Code”) in September 2005 as the Group’s guidelines regarding Directors’ and relevant employees’ securities transaction on terms no less exacting than the required standard as set out in the Model Code. Specific confirmations were obtained from all Directors confirming that they have complied with the Internal Model Code in their securities transactions throughout the year. All management were requested to monitor and comply with the Internal Model Code in view of their possession of unpublished price-sensitive information. No incident of non-compliance was noted by the Company during the year.

Insurance Cover

Pursuant to Articles 190 to 191 of the Articles of Association, every Director and officer shall be entitled to be indemnified, subject to the provision of the Companies Ordinance, by the Company against any liability incurred by him in the execution and discharge of his duties or in relation thereto. The Company arranged for appropriate liability insurance to indemnify its Directors and officers for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

《內部標準守則》

於二零零五年九月，董事會採納《本公司董事及有關僱員進行證券交易的標準守則》（《內部標準守則》）作為本集團關於董事及有關僱員按不遜於《標準守則》的條款進行證券交易的指引。本公司已接獲全體董事發出的書面，確認彼等於本年度內在進行證券交易時一直遵守《內部標準守則》。鑒於掌握有未公布的股價敏感資料，所有管理人員均須監察及遵守《內部標準守則》。年內，本公司未發現有任何違規的事件出現。

保險範圍

根據本公司的《組織章程細則》第190至191條，每位董事及高級人員應有權從本公司獲取在執行及履行其職責時或就執行及履行其職責而產生的責任賠償（受《公司條例》規定規限）。本公司已為其董事及高級人員安排購買合適的責任保險，以保障其因企業活動而引起的責任賠償。本公司每年均進行檢討保險範圍。

SHAREHOLDERS' COMMUNICATION

The Board endeavors to maintain an ongoing dialogue with the Shareholders and adopted a policy of "Steps in Communications with Shareholders" in April 2006 as follows:-

- (a) Through the publication of announcements in selected newspapers and/or, the Stock Exchange's and the Company's websites, the Shareholders may be kept informed of the latest development of the Company.
- (b) Through the publication of circulars and notices, the Shareholders may be kept informed of major transactions of the Group. Substantive resolutions will be set out in the notices for the Shareholders' approval in the extraordinary and annual general meetings. Sufficient time will be provided to the Shareholders for consideration on substantive resolutions.
- (c) Through the publication of interim reports and annual reports, the Shareholders may get clear and full performance information of the Group.
- (d) Details of the poll demand procedures are included in the circulars to the Shareholders.
- (e) Through the holding of extraordinary and annual general meetings, the Shareholders may meet the Board and decide on substantive resolutions of the Company. The Chairman of the Board and its Committees and/or Directors are available to answer questions on the Company's businesses at the meeting.
- (f) The Company maintains a website on which comprehensive updated information about the Company, its corporate structure, major businesses and press release, are provided.

股東通訊

董事會盡力與股東保持持續的溝通，並於二零零六年四月採納《與股東通訊的步驟》的政策如下：—

- (a) 透過於經挑選的報章及／或聯交所的及本公司的網址刊發公布，股東可獲知會本公司的最新發展。
- (b) 透過刊發通函及通告，股東可獲知會本集團的主要交易。主要決議案會載列於通告，以便股東於股東特別大會及股東周年大會上批准。股東將有充足時間考慮主要決議案。
- (c) 透過刊發中期報告年報，股東可獲得本集團清晰及全面業績資料。
- (d) 詳細的要求以點票方式表決程序載於給股東的通函。
- (e) 透過舉行股東特別大會及股東周年大會，股東可與董事會會面及決定本公司的主要決議案。於會議上，董事會及其委員會主席及／或董事均可解答有關本公司事項的問題。
- (f) 本公司的網址提供本公司的詳盡最新資料，企業架構、主要業務和新聞稿。

Convene a General Meeting

Pursuant to the Articles of Association and the Companies Ordinance, Shareholders holding not less than one-twentieth of the paid-up share capital of the Company can convene a general meeting by written request stating the objects of the general meeting to the Company by addressing to the Company Secretary at the registered office of the Company.

Voting by Poll

Pursuant to the Articles of Association, a resolution put to the vote of a general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-

- (a) by the Chairman; or
- (b) by at least three Shareholders present in person (or in case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

The Chairman or the Company Secretary shall explain the procedures for voting by poll to the Shareholders and answer any questions from the Shareholders before a poll is required to be conducted at the meeting. The Company shall ensure votes cast are properly counted and recorded. Independent scrutineers are appointed for scrutineering the poll at a general meeting. Poll results are announced in newspapers and also on the Company's and the Stock Exchange's websites on the following business day of the general meeting.

召開股東大會

根據《組織章程細則》及《公司條例》，持有本公司不少於繳足股本二十分之一的股東可向於本公司註冊辦事處的公司秘書發出書面要求，向本公司說明擬召開股東大會的目的，藉此召開股東大會。

以點票方式表決

根據本公司的《組織章程細則》，於股東大會上提呈表決的決議案，須首先由親身出席的股東以舉手方式表決，惟（在宣佈舉手表決的結果時或以前）下列人士可要求以點票方式表決：—

- (a) 大會主席；或
- (b) 最少三位親身出席的股東（如股東為法團，則其正式授權代表）或透過當時有權於大會上投票的代表；或
- (c) 一名或多名親身出席的股東（如股東為法團，則其正式授權代表）或透過受委任代表，並持有有權於大會上投票的本公司股份（該等股份的已繳足股款總額相等於不少於具有該等權利的所有股份的已繳足股款總額的十分之一）。

應要求在股東大會進行點票表決之前，主席或公司秘書須先向股東解釋點票表決的程序，並回答股東的任何問題。本公司須確保所作出的投票均獲適當點算及記錄，並委任獨立監察員監察股東大會的投票。投票結果將於股東大會後首個營業日在報章及本公司及聯交所的網站上公布。

Substantial Shareholders' Interests in Securities

As at 31 December 2005, the interests or short positions of every person, other than the Directors and the Chief Executive Officer of the Company, in the Shares and underlying Shares, as recorded in the register maintained under section 336 of the SFO are as follows:-

主要股東的證券權益

於二零零五年十二月三十一日，根據《證券及期貨條例》第三百三十六條存置的登記冊所載，除本公司董事及行政總裁以外的人士於股份及相關股份中的權益或淡倉如下：-

Name of Shareholder 股東姓名	Long Position (Share) 好倉(股)	Nature of interests 權益性質	Approximate Percentage of the then total issued share capital (%) 佔當時已發行股本 總數的概約百分比(%)
VXL Partners	38,465,400 ⁽¹⁾	Beneficial interests 實益權益	53.42
	15,000,000 ⁽²⁾	Security interests 證券權益	20.83
Huge More Limited	15,000,000 ⁽²⁾	Interests through a controlled corporation 透過受控制公司擁有的權益	20.83
Ms. Vivien CHEN Wai Wai 陳慧慧女士	15,000,000 ⁽³⁾	Interests through a controlled corporation 透過受控制公司擁有的權益	20.83
Crosby Investment Holdings Inc.	15,000,000 ⁽³⁾	Interests through a controlled corporation 透過受控制公司擁有的權益	20.83
Laird Developments Limited	15,000,000 ⁽³⁾	Interests through a controlled corporation 透過受控制公司擁有的權益	20.83
Prosum Finance Company Limited	15,000,000 ⁽³⁾	Security interests 證券權益	20.83

Notes:

附註：

- These Shares are registered in the name of VXL Partners, a company which is wholly and beneficially owned by Datuk Lim.
- These Shares are registered in the name of Huge More Limited, a company which is wholly and beneficially owned by Mr. A. Chao and in which VXL Partners has a security interest in the entire issued share capital. The interests on the 15,000,000 Shares are duplicated among themselves and those in Note 3 and those shown in Notes 1 & 2 of the subsection entitled "Directors' and Chief Executive's Interests in Securities".
- Prosum Finance Company Limited, a company which is wholly-owned by Laird Developments Limited, has a security interest in these Shares (which are registered in the name of Huge More Limited). Laird Developments Limited is wholly-owned by Crosby Investment Holdings Inc., which is in turn wholly and beneficially owned by Ms. Vivien CHEN Wai Wai. The interests on the 15,000,000 Shares are duplicated among themselves and those in Note 2 and those shown in Notes 1 & 2 of the subsection entitled "Directors' and Chief Executive's Interests in Securities".

- 該等股份乃以林拿督全資及實益擁有的公司VXL Partners的名義登記。
- 該等股份乃以趙先生全資及實益擁有的公司Huge More Limited的名義登記。VXL Partners於該公司的全部已發行股本中擁有證券權益。該15,000,000股股份的權益本身與附註3及「董事及行政總裁的證券權益」一節附註1及2所顯示的權益重疊。
- Laird Developments Limited全資擁有的公司Prosum Finance Company Limited於該等股份中擁有證券權益(以Huge More Limited的名義登記)。Laird Developments Limited乃由Crosby Investment Holdings Inc.全資擁有，而後者則由陳慧慧女士全資及實益擁有。該15,000,000股股份的權益本身與附註2及「董事及行政總裁的證券權益」一節附註1及2所顯示的權益重疊。

Save as disclosed above, as at 31 December 2005, no other interests or short positions in the Shares or underlying Shares were recorded in the register maintained under section 336 of the SFO.

除上文所披露者外，於二零零五年十二月三十一日，根據《證券及期貨條例》第三百三十六條存置的登記冊概無錄得其他於股份或相關股份的權益或淡倉。

General Meetings Held

The Company convened three Shareholders' meeting during the year. The major items discussed are summarized below:-

已舉行的股東大會

年內，本公司曾召開三次股東大會。會議的主要議題概述如下：－

Date of General Meeting 股東大會日期	Details of Resolution 決議案詳情	Decision 決定
3 June 2005 二零零五年六月三日	1. To receive and consider the audited financial statements and the reports of the Directors and Auditors for the year ended 31 December 2004. 省覽及接納截至二零零四年十二月三十一日止年度的經審核財務報表及董事會報告與核數師報告。	Passed 通過
	2. To re-elect Directors. 重選董事。	Passed 通過
	3. To re-appoint Messrs. PricewaterhouseCoopers as the External Auditors and to authorize the Board to fix their remuneration. 重新委聘羅兵咸永道會計師事務所為外聘核數師，並授權董事會釐定其酬金。	Passed 通過
	4. (i) To grant a general mandate to the Directors to allot, issue and deal with additional shares representing up to 20% of the issued share capital of the Company at the date of the 2005 AGM. 授予董事會配發、發行及處理本公司的額外股份最多達本公司於二零零五年股東周年大會當日已發行股本20%的股份的一般授權。	Passed 通過
	(ii) To grant a general mandate to the Directors to repurchase shares representing up to 10% of the issued share capital of the Company at the date of the 2005 AGM. 授予董事會購回股份最多達本公司於二零零五年股東周年大會當日已發行股本10%的股份的一般授權。	Passed 通過
	(iii) To extend the general mandate granted to the Directors to allot, issue and deal with additional shares by the addition of such number of Shares to be repurchased by the Company. 擴大已授予董事會配發、發行及處理本公司的額外股份的一般授權至加入本公司將購回的股份數目。	Passed 通過
	(iv) To adopt the new Share Option Scheme. 採納新購股權計畫。	Passed 通過
	(v) To adopt the new Memorandum and Articles of Association. 採納新《組織章程大綱及細則》。	Passed 通過
8 September 2005 二零零五年九月八日	To approve the acquisition of a block of service apartments situated at 112 Chun Yeung Street, North Point, Hong Kong by Arrow Star Investment Limited, a wholly-owned subsidiary of the Company and to confirm the signing and execution, perfection and delivery of the relevant offer letter and the formal sale and purchase agreement. 批准本公司的全資附屬公司智域投資有限公司收購位於香港北角春秧街一百一十二號的一棟服務式公寓，及確認有關出售函件及正式買賣協議的訂立及簽訂、完成及交付。	Passed 通過
15 September 2005 二零零五年九月十五日	To approve the change of name of the Company in Chinese. 批准更改公司中文名稱。	Passed 通過

Amendments to Articles of Association

Significant changes were introduced to the Memorandum and Articles of Association of the Company during the year to comply with relevant rules and regulation and to improve the corporate governance practices of the Company.

Major changes introduced include removal of the entire object clause, new definitions introduced for compliance with the SFO and Listing Rules, use of electronic communication, limitation on directors' voting in case of conflict of interests, summary financial reports, issue of share certificates within ten business days, directors' and officers' liability insurance and other housekeeping changes for better administration and management.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued Shares at the latest practicable date prior to the issue of this annual report.

By order of the Board
Percy ARCHAMBAUD-CHAO
Chief Executive Officer

Hong Kong, 13 April 2006

修訂《組織章程細則》

本公司於去年對本公司的《組織章程大綱及細則》引入重大變動，以遵守相關規則及規例及改善本公司的企業管治常規。

引入的主要變動包括刪除全條宗旨條款、引入新釋義以遵守《證券及期貨條例》及《上市規則》、使用電子通訊、在存在利益衝突時限制董事投票、財務摘要報告、於十個營業日內發出股票、董事及職員的責任保險及為使行政及管理工作更有效而引入的其他內務變動。

公眾持股量

根據董事從公開途徑所得的資料及其所知，本公司確認於發行年報前的最後可行日期公眾持股量充足，佔本公司已發行股份25%以上。

承董事會命
行政總裁
趙世雄

香港，二零零六年四月十三日