

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good standards of the corporate governance practices by emphasizing transparency, accountability and responsibility to its shareholders.

Throughout the course of 2005, the Company complied with the requirements of the “Code on Corporate Governance Practices” of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Listing Rules as the Company's code of conduct regarding securities transactions by its Directors. A reminder was served to each Director twice annually, one month before the relevant date of the Board meeting to approve the Company's half year results and annual results, that the Director cannot deal in the securities and derivatives of the Company until after such results have been published.

Directors are required to notify the Chief Executive Officer and receive a dated written acknowledgement before dealing in the securities and derivative of the Company and, in the case of the Chief Executive Officer himself, he must notify the Chairman and receive a dated written acknowledgement before any dealing.

All the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Company is governed by a Board of Directors which has the responsibility for leadership and control of the Company. The Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

企業管治常規

本公司致力於透過對全體股東之透明度、問責性及責任性，從而建立良好的企業管治常規。

本公司於二零零五年度全年均遵守香港聯合交易所有限公司證券上市規則（「上市規則」）有關《企業管治常規守則》的規定。

董事的證券交易

本公司已採用了載於上市規則附錄10之《上市公司董事進行證券交易的標準守則》（「標準守則」）作為董事進行公司證券交易的行為守則。於每年就批准本公司半年及年度業績而分別召開董事會會議有關日期前一個月，皆會發信提醒各董事由該日起至業績公報為止不可買賣本公司之證券及衍生性投資。

董事進行本公司之證券及衍生性投資之買賣前，必須先知會行政總裁，並待收到註有日期之書面回覆才可進行。行政總裁本人進行本公司之證券及衍生性投資之買賣前，則必須先知會主席，並待收到註有日期之書面回覆才可進行。

所有董事確認彼等全年已遵守標準守則所載的規定。

董事會

本公司由董事會管理；董事會負有領導及監控本公司之責任。董事透過集體領導及監督本公司事務，負責籌劃本公司之成功。

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Currently, the Board comprises the Chairman, six other Executive Directors, four Non-executive Directors, including three Independent Non-executive Directors. With the exception of Mr. Diao Weicheng and Mr. Liu Rongchun, both joined the Board on 8 April 2005, and Mr. Ma Zhiping who joined the Board on 13 January 2006, as Executive Directors, all other Directors served for the whole year of 2005. At each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The retiring Directors shall be eligible for re-election. A new Director appointed by the Board after the preceding annual general meeting is subject to retirement and is then eligible for re-election at the first general meeting after his appointment. The biographical details of the Directors are set out on pages 14 to 18 of this annual report.

The Company currently does not have a nomination committee. The Board is directly in charge of nomination of directors.

The Non-executive Directors bring a wide range of skill and experience to the Group. They serve the important function of providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole. The Board considers that three of the four Non-executive Directors are independent in character and judgment and fulfill the independence guidelines set out in rule 3.13 of the Listing Rules. All Non-executive Directors including Independent Non-executive Directors are appointed without specific terms, but are subject to retirement by rotation as explained above.

The Company has arranged appropriate insurance cover in respect of legal actions against its Directors and officers. The Company reviews the extent of this insurance each year.

The Board formulates overall strategy of the Group, monitors its financial performance and maintains effective oversight over the management. The Board members are fully committed to their roles and have acted in good faith to maximize the shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to the management.

董事會目前由主席、六名執行董事及四名非執行董事(包括三名獨立非執行董事)組成。除刁偉程先生及劉榮春先生於二零零五年四月八日加入董事會及馬志平先生於二零零六年一月十三日加入董事會為執行董事外，其餘所有董事均於二零零五年全年任職。在每年的股東週年大會上，在任董事會的三份一成員必須輪席退任，而每位董事須最少每三年退任。退任之董事可膺選連任。於上屆股東週年大會後董事會新委任之董事，須於獲委任後之首次股東週年大會上退任，且可膺選連任。董事之履歷資料載於本年報第14至18頁。

本公司目前並無提名委員會，董事會直接負責董事之委任事宜。

非執行董事為本集團帶來廣泛技能及經驗，彼等就保障股東及本公司之整體利益上發揮重要制衡功能。董事會認為四名非執行董事中之三名在理念及判斷上皆獨立，並符合上市規則第3.13條所載的獨立性準則。所有非執行董事(包括獨立非執行董事)並無指定任期，惟須根據以上所述輪流退任。

本公司已就因董事及高級職員所承擔之法律責任安排適當保險，本公司每年對該保險之保障範圍進行檢討。

董事會制定本集團之整體策略，監察其財務表現及對管理層維持有效之監督。董事會成員盡心履行及忠誠行事，爭取股東長遠最大利益，並使本集團之目標及方向與當前經濟及市場狀況保持一致。管理層則獲授權負責日常之運作及行政事宜。

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To ensure a balance of power and authority, the role of the Chairman is separate from that of the Chief Executive Officer. The Chairman and the Chief Executive Officer of the Company are Mr. Fu Shula and Mr. Ji Guirong respectively.

The Chairman is responsible for the leadership and effective running of the Board, while the Chief Executive Officer is delegated with the authorities to manage the business of the Group in all aspects effectively. The division of responsibilities between the Chairman and the Chief Executive Officer have been clearly established and set out in writing.

All Directors have access to the services of the Company Secretary who regularly updates the Board on Governance and regulatory matters.

Minutes of board meetings are taken by the Company Secretary and, together with any supporting board papers, are available to all board members.

The Board met 18 times during the year under review. The attendance of individual directors at the Board meetings is set out in the table below:

為確保權力和授權分佈均衡，主席及行政總裁的角色有獨立區分。本公司之主席及行政總裁分別為付舒拉先生及季貴榮先生。

主席負責董事會的領導及有效運作，行政總裁則獲授權有效地管理本集團各方面之業務。主席及行政總裁的職責區分已清晰界定並以書面列明。

所有董事均可取得公司秘書的服務，公司秘書定期就管治及遵守規章事宜向董事會提供意見。

會議記錄由公司秘書備存，連同其他附件，可供董事會全部成員查閱。

於回顧年度內，董事會曾舉行18次會議。各董事於董事會會議之出席記錄載於下表：

Director	董事	Number of board meetings attended 出席董事會會議次數
<i>Executive Directors</i>		
Fu Shula	付舒拉	4/18
Wang Xinkuo	王心闊	3/18
Ji Guirong	季貴榮	17/18
Diao Weicheng	刁偉程	6/18
Liu Rongchun	劉榮春	3/18
Ren Haifeng	任海峰	16/18
Yang Chunshu*	楊春澍*	0/18
Yu Li*	于莉*	0/18
<i>Non-executive Directors</i>		
Ip Tak Chuen, Edmond	葉德銓	2/18
<i>Independent Non-executive Directors</i>		
Chu Yu Lin, David	朱幼麟	3/18
Li Ka Cheung, Eric	李家祥	5/18
Li Zhaoxi	李兆熙	2/18

* Both Yang Chunshu and Yu Li were resigned as Executive Directors of the Company with effect from 8 April 2005.

* 楊春澍及于莉於二零零五年四月八日辭任本公司執行董事。

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REMUNERATION COMMITTEE

The Remuneration Committee currently comprises one Executive Director, Mr. Fu Shula (as Chairman) and two independent non-executive directors, namely, Mr. Li Ka Cheung, Eric and Mr. Chu Yu Lin, David. The Remuneration Committee is responsible for making 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.

The Remuneration Committee met one time during the year under review to review and approve the remuneration packages of Directors and senior management. The attendance of each member is set out as follows:

Member	成員	Number of meetings attended 出席會議次數	Attendance rate 出席率
Fu Shula	付舒拉	1/1	100%
Li Ka Cheung, Eric	李家祥	1/1	100%
Chu Yu Lin, David	朱幼麟	1/1	100%

The primary goal of the remuneration policy on executive remuneration packages is to enable the Company to retain and motivate Executive Directors by linking their compensation with performance as measured against corporate objectives. Under the policy, a director is not allowed to approve his own remuneration.

Details of the directors' remuneration are set out in note 8 to the financial statements.

AUDITORS' REMUNERATION

Ernst & Young are the auditors of the Company. The services provided by them include audit and taxation advisory. Fees for auditing (including interim review) and non-auditing services amounting to HK\$1,190,000 and HK\$100,000 respectively was disclosed in the Group's consolidated financial statements for the year ended 31 December 2005.

薪酬委員會

薪酬委員會目前由一名執行董事(付舒拉先生擔任主席)及兩名獨立非執行董事，分別為李家祥先生及朱幼麟先生所組成。薪酬委員會的職責包括向董事會就有關本公司所有董事及高級管理層之薪酬政策及架構、以及就制訂有關薪酬政策而建立之正規且具透明度的程序提供建議。

於回顧年度內，薪酬委員會曾舉行一次會議，以檢討及批准董事及高級管理層之薪酬待遇。各成員之出席率如下：

行政人員薪酬政策之主要目的是透過把執行董事的待遇與按企業目標量度的表現掛鉤，藉此挽留及勉勵本公司執行董事。根據薪酬政策，任何董事不得參與批准本身的薪酬。

董事酬金之詳情載於財務報表附註8。

核數師酬金

安永會計師事務所乃本公司之核數師。彼等所提供之服務包括審核及稅務諮詢。核數服務費用(包括中期審閱)及非核數服務費用分別為1,190,000港元及100,000港元，已於本集團截至二零零五年十二月三十一日止年度的綜合財務報表內披露。

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AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with the Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. It currently comprises three Independent Non-executive Directors of the Company, namely Mr. Chu Yu Lin, David (as Chairman), Mr. Li Ka Cheung, Eric and Mr. Li Zhaoxi. The Audit Committee met 2 times during the year under review. The attendance of each member is set out as follows:

Member	成員	Number of meetings attended 出席會議次數	Attendance rate 出席率
Chu Yu Lin, David	朱幼麟	1/2	50%
Li Ka Cheung, Eric	李家祥	1/2	50%
Li Zhaoxi	李兆熙	2/2	100%

Full minutes of meetings are kept and sent to all members of the Board. Matters raised at the meetings were reported back to the Board so that due consideration was given as to the action to be taken.

FINANCIAL REPORTING AND INTERNAL CONTROL

The Directors are responsible for the preparation of financial statements 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 financial statements, the Directors have selected appropriate accounting policies and have applied them consistently, and adopted accounting standards issued by the Hong Kong Institute of Certified Public Accountants.

The auditors are responsible for forming an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the shareholders of the Company, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose.

審核委員會

本公司已設立根據上市規則第3.21條之規定成立之審核委員會，以檢討及監督本集團之財務申報程序及內部監控。審核委員會現由本公司三名獨立非執行董事，分別為朱幼麟先生（主席）、李家祥先生及李兆熙先生所組成。審核委員會於回顧年度內曾舉行2次會議。各成員之出席率如下：

本集團已存置有關會議的全部記錄，並交予董事會內全部成員。在會議上提出的事項均會匯報予董事會，以便董事及時考慮所需行動。

財務申報及內部監控

董事須負責編製每個財政期間之財務報表，該財務報表須真實公平地顯示本集團於該期間之業績及現金流動情況。在編製該等財務報表時，董事必須選擇及貫徹採用合適的會計政策，並採納香港會計師公會頒佈之會計準則。

核數師的責任乃根據彼等審核工作的結果，對該等財務報表作出獨立意見，並根據百慕達一九八一年公司法第90段僅向本公司全體股東報告，而不作任何其他用途。

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The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness through the Audit Committee. The Group's system of internal control plays a key role in the management of risks that are significant to the fulfillment of its business objectives. Procedures have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records; and for the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud. Procedures have also been designed for compliance of applicable laws, rules and regulations.

董事會對於本集團的內部監控系統負有整體責任，並透過審核委員會對其有效程度進行檢討。本集團之內部監控系統在對達到企業方針有重大影響之風險管理上擔當重要角色。就保障資產免受非法使用或處置、保存妥善會計記錄以及提供可靠的財務資料供內部或作刊發用途，已設計出相應步驟，此等步驟對防止重大錯誤、損失或詐騙提供合理（但非絕對）的保障。同時亦已設計出相應步驟確保適用的法例、規則及法規得以遵守。