

Corporate Governance Report 企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board of Directors is committed to ensuring high standards of corporate governance to comply with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), which became effective on 1 January 2005. The Board believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence.

CODES OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct for securities transactions and dealings (the "Code of Conduct") based on the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. The terms of the Code of Conduct are no less exacting than the standards in the Model Code, and the Code of Conduct applies to all the relevant persons as defined in the Code, including the Directors of the Company, any employee of the Company, or a Director or employee of a subsidiary or holding company of the Company who, because of such office or employment, are likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. Having made specific enquiry, all directors have fully complied with the required standard set out in the Model Code throughout the year of 2005.

BOARD OF DIRECTORS

During the year, the Board comprised two executive and five non-executive directors of whom three are independent as defined by the Stock Exchange (the biographical details of the directors are set out on pages 29 to 33). The number of independent non-executive directors and the non-executive directors represents 43% and 71% of the Board respectively. To enhance independence and accountability, the role and responsibility of the Group Chairman, Mr. Koo Cheng Yun, Leslie and the Group Managing Director, Mr. Wu Yih Chin, is separated.

企業管治常規守則

董事會致力保持高標準之企業管治，以符合香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之企業管治常規守則（「企業管治守則」）守則條文之規定。企業管治守則於二零零五年一月一日起生效。董事會相信，良好之企業管治守則對維持及提高投資者信心之重要性日漸增加。

董事進行證券交易之操守守則

本公司已根據上市規則附錄10所載之上市發行人董事進行證券交易之標準守則，採納證券交易及買賣操守守則（「操守守則」）。操守守則之條款不遜於模準守則之標準，而操守守則適用於守則定義之所有相關人士，包括本公司董事、本公司任何僱員，或本公司附屬公司或控股公司之董事或僱員，因其職務或受聘而可能獲得有關本公司或其證券之未公佈而會影響股價之資料。經作出特定查詢後，全體董事於二零零五年全年已全面遵守標準守則所載之規定。

董事會

於本年度，董事會由兩名執行董事及五名非執行董事（其中三名是聯交所定義之獨立非執行董事）組成，董事之履歷簡介載於29頁至33頁。獨立非執行董事及非執行董事之數目分別佔董事會之43%及71%。為加強獨立性及問責性，集團主席辜成允先生與集團董事總經理吳義欽先生之職責獨立分開。

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At the Annual General Meeting of the Company held on 27 May 2005, a special resolution was passed to amend the Company's articles of association so that, among other things, all directors are subject to retirement by rotation at least once every three years. To fully comply with Code A4.2 of the CG Code, a special resolution will be proposed at the upcoming Annual General Meeting of the Company, to further amend the articles of association of the Company so that, among other things, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Details of the amendments are set out in the Notice of Annual General Meeting dated 25 April 2006 on pages 4 to 16.

The Board is responsible for overseeing the Group's businesses and development, formulating long term strategies and policies. The Board also monitors and controls operating and financial performance in pursuit of the Group's strategic objectives. All directors and Board committees have recourse to external legal counsel and other professionals for independent advice at the Group's expense if they require it. The Board has delegated the day-to-day management and operation of the Group's businesses to management.

The Board met on four occasions during the year. Except Mr. Hui-Bon-Hoa Khien Piau, Pierre who was absent for all Board meetings due to his health condition, all other Directors had attended the four meetings.

Pursuant to the requirements of the CG Code, two Board committees, namely, the Audit Committee and the Remuneration Committee were established to oversee particular aspects of the Group's affairs.

於本公司於二零零五年五月二十七日舉行之股東週年大會上，已通過一項特別決議案，修訂本公司之公司組織章程細則，致使（其中包括）所有董事須最少每三年輪席告退一次。為全面遵守企業管治守則之守則第A.4.2條，將於應屆本公司股東週年大會上提呈一項特別決議案，以進一步修訂本公司之公司組織章程細則，致使（其中包括）所有獲委任填補臨時空缺之董事須於獲委任後之首個股東大會上由股東選出。修訂之詳情載於日期為二零零六年四月二十五日之股東週年大會通告第4頁至第16頁。

董事會負責監督本集團之業務發展，制定長遠策略及政策。董事會亦監察及控制營運及財務表現，務求達至本集團之策略性目標。全體董事及董事會委員會均可在有需要時尋求外聘律師及其他專業人士之獨立意見，費用由本集團承擔。董事會已將本集團之日常管理及營運業務交予管理層處理。

董事會每年開會四次。除黃慶杓先生因健康理由缺席所有董事會會議外，其他董事全部均有出席該四次會議。

根據企業管治守則之規定，本公司已成立兩個董事會委員會（審核委員會及薪酬委員會），負責監督本集團事務之特定範疇。

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Details of the attendance of individual Directors at the Board meetings and the two Committees meetings are set out in the table below:

各董事於董事會議及兩個委員會會議的個別出席率載於下表：

		Meetings Attended/Held 出席／主持會議		
		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會
Executive Directors		執行董事		
Mr. Koo Cheng Yun, Leslie	辜成允先生	4/4	N/A	N/A
Mr. Wu Yih Chin	吳義欽先生	4/4	N/A	1/1
Non-executive Directors		非執行董事		
Mr. Hui-Bon-Hoa Khien Piau, Pierre	黃慶杓先生	0/4	N/A	N/A
Mr. Hsiao Yin Yi (note)	蕭英怡先生 (附註)	4/4	N/A	N/A
Independent Non-executive Directors		獨立非執行董事		
Mr. Liao Poon Huai, Donald	廖本懷先生	4/4	3/3	1/1
Mr. Shan Weijian	單偉建先生	4/4	3/3	1/1
Mr. Chung Kuohsien, David	鍾國賢先生	4/4	3/3	1/1

Note: Mr. Hsiao Yin Yi was resigned as non-executive Director on 28 February 2006.

附註：蕭英怡先生於二零零六年二月二十八日辭任非執行董事。

NOMINATION OF DIRECTORS

According to the Article of Association of the Company, the Board has the power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy or as an addition to the Board. The nomination should be taken into consideration of the nominee's qualification, ability and potential contributions to the Company.

董事提名

根據本公司之組織章程細則，董事會有權不時提名任何人士為董事以填補空缺或增加董事會成員。提名時應考慮獲提名人士之資格、能力及對本公司的潛在貢獻。

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AUDIT COMMITTEE

The Audit Committee was established in 1999 and its members comprise solely independent non-executive directors namely:

Mr. Liao Poon Huai, Donald;
Mr. Shan Weijian; and
Mr. Chung Kuohsien, David

All members possess diversified industry experiences and appropriate professional qualifications as required under the Listing Rules.

The Audit Committee met three times during the year, together with senior management and external auditors with 100% attendance rate.

Their major duties and responsibilities are set out in the terms of reference and the work conducted by the Audit Committee in 2005 included the following matters:

1. Reviewed the Group's 2004 annual and 2005 interim reports; internal controls and corporate governance issues and made recommendations to the Board;
2. Recommended to the Board on the resignation of previous external auditor, Ernst & Young ("E&Y"). E&Y confirmed in their resignation letter that there were no circumstances connected with their resignation which they considered should be brought to the attention of the shareholders or creditors of the Company;
3. Recommended to the Board on the appointment of Deloitte Touche Tohmatsu ("Deloitte") as new auditor following E&Y's resignation until the conclusion of the next annual general meeting of the Company. The change of auditor was taken to appoint a single audit firm across the Group and its holding companies for a more streamlined audit process;

審核委員會

審核委員會於一九九九年成立，成員全為獨立非執行董事，包括：

廖本懷先生；
單偉建先生；及
鍾國賢先生

所有成員均擁有各種行業經驗及上市守則所要求之合適的專業資格。

審核委員會已經於年度會同高級管理層及外聘核數師召開三次會議，出席率為100%。

審核委員會之主要職責詳列於其職責範圍，其於二零零五進行之工作包括：

1. 審閱本集團二零零四年年報及二零零五年中期報告；內部控制系統及企業管治事項及向董事會提出建議；
2. 就前外聘核數師安永（「安永」）之辭呈向董事會提出建議。安永於其辭呈信中確認並無與其辭呈有關之情況，須要本公司股東或債權人注意；
3. 向董事會提出建議委任德勤•關黃陳方會計師行（「德勤」）於安永辭呈後至下一次股東週年大會結束之期間內為新任核數師。更換核數師的決定，乃藉著本集團及其控股公司委任單一核數師，從而簡化核數流程；

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4. Discussed with the external auditors their independence and the nature and scope of the audit; and
5. Discussed with the external auditor any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response.

The Committee reviewed the Company's internal control based on the information obtained from the external auditor and Company's management and was of the opinion that there are adequate internal controls in place.

REMUNERATION COMMITTEE

The Remuneration Committee consists of three independent non-executive directors and one executive director:

Mr. Wu Yih Chin;
Mr. Liao Poon Huai, Donald;
Mr. Shan Weijian; and
Mr. Chung Kuohsien, David

Its major terms of reference are summarized as follows:

1. To formulate and recommend to the Board the policy for the remuneration of the executive directors and other senior executives as designated by the Board;
2. To determine the individual remuneration package of each executive director including base salary, annual bonus plans and allocation of share options;
3. To consider and recommend to the Board any payment or compensation commitment to be made to an executive director on termination of his contract;

4. 與外聘核數師討論其獨立性及核數的性質及範圍；及
5. 與外聘核數師討論其向管理層提出的任何有關會計記錄、財務帳戶或控制系統及管理層回應的重大查詢。

委員會根據取自外聘核數師及本公司管理層之資料審視本公司內部控制系統，認為已有足夠內部控制系統。

薪酬委員會

薪酬委員會成員包括三名獨立非執行董事及一名執行董事：

吳義欽先生；
廖本懷先生；
單偉建先生；及
鍾國賢先生

其主要職責範圍概述如下：

1. 制定及向董事會建議由董事會指定之執行董事及其他高級行政人員的薪酬政策；
2. 釐定每一位執行董事個別之薪酬組合，包括基本薪金、年度花紅計劃及分派購股權；
3. 考慮及向董事會建議向任何約滿執行董事付給之任何款項或補償性承擔；

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4. In formulating its policy, the Committee shall give due regard to the contents of the Listing Rules and shall also consider market forces and compare between different remuneration packages paid to directors of other companies of a similar size in comparable industries. The executive directors may attend meetings of the Remuneration Committee when invited to do so, but not when their own remuneration is being discussed; and
5. To determine any performance related remuneration schemes and executive share option schemes.

The Committee is authorized by the Board to seek any information it requires from any employee of the Company in order to perform its duties.

In connection with its duties the Committee is required by the Board to select, set terms of reference for and appoint remuneration consultants, at the Company's expense as the Committee deems necessary in order to perform its duties.

The Remuneration Committee sets the remuneration policy for the executive Directors and senior management. Specifically, the Remuneration Committee agrees their service contracts, salaries, other benefits, including bonuses and other terms and conditions of employment. It also agrees terms for their cessation of employment.

One meeting was held in 2005 with the attendance rate of 100%. No executive director takes part in any discussion about his own remuneration.

4. 在制定其政策時，委員會應充分考慮上市規則之內容，亦應考慮市場力量及比較可類比行業其他相似大小之公司付給其董事的不同之薪酬組合。執行董事可在獲邀下出席薪酬委員會會議，惟討論其自身薪酬之時除外；及
5. 釐定任何與業績掛鈎之獎金計劃及購股權計劃之執行。

委員會獲董事會授權向任何僱員索取任何有須要的資料，以履行其職責。

就委員會的職責，委員會須於其認為履行其職責必須時按董事要求選擇、制定職責範圍及委任薪酬顧問。

薪酬委員會制定執行董事及其他高級行政人員的薪酬政策。尤其是薪酬委員會協議彼等之服務合約、薪金、其他福利，包括花紅及其他聘任之條款及條件。它亦協議彼等終止聘任之條款。

於二零零五年年度已經召開一次會議，出席率為100%。無執行董事參與任何有關其自身薪酬之討論。

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AUDITOR'S REMUNERATION

During the year, the fees charged to the accounts of the Company and its subsidiaries for E&Y' non-statutory audit services amounted to HK\$216,000. The non-statutory audit services consist of financial due diligence, tax compliance and the interim review. The cost of statutory audit services provided by external auditors was HK\$2,214,000. The responsibilities of the external auditors with respect to financial reporting are set out in the section of "Report of the Auditors" on page 57.

CONNECTED TRANSACTIONS

During the year, the Group had issued press announcement in respect of a number of 'connected transactions', details of which have been included in the Directors' Report on pages 50 to 54 and the related press.

FINANCIAL REPORTING

The Board recognizes its responsibility to prepare the Company's accounts which give a true and fair view and are in accordance with generally accepted accounting standards published by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable.

INTERNAL CONTROL

The Board is entrusted with the overall responsibility for maintaining an adequate internal controls system and reviewing its effectiveness through the Audit Committee. The Company management maintains and monitors the systems of controls on an ongoing basis.

Based on the assessment made by the Company's management and external auditor during its statutory audit, the Audit Committee satisfied that the internal control system is sufficient to provide reasonable assurances that the Group's assets are safeguarded against loss from unauthorized use or disposition, transactions are properly authorized and proper accounting records are maintained. The system is designed to provide reasonable, but not absolute assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational system.

核數師酬金

於本年度內，於本公司及其附屬公司帳戶支銷以支付安永非法定核數服務之費用為216,000港元。非法定核數服務包括財務盡職審查、稅項法規及中期審視。外聘核數師提供的法定核數服務成本為2,214,000港元。外聘核數師有關財務報告之責任於第57頁「核數師報告書」一節中列出。

關連交易

於本年度內，本集團就多宗「關連交易」發出報章公告，詳情載於第50至54頁之董事報告及有關報章。

財務申報

董事會明白其有責任根據香港會計師公會頒佈之公認會計準則，編製真實公平之本公司賬目。於編製過程中已選用適當會計政策並貫徹使用；作出之判斷及估計乃審慎合理。

內部監控

董事會之整體責任為維持奏效之內部監控系統，並透過審核委員會檢討其成效。本公司管理層長期維持及監察控制系統。

根據本公司管理層及外聘核數師於進行法定審核時進行之評估，審核委員會信納內部監控系統足以提供合理保證，確保本集團之資產受到保障，以防遭未經授權使用或處置，確保交易獲適當授權，並維持良好之會計紀錄。有關系統乃為提供合理保障而設，但對重大虛報或損失並無絕對保障，系統管理而並非消除本集團營運系統失效之風險。