

# Corporate Governance Report

## 企業管治報告書

### Compliance with Code on Corporate Governance Practices

The Board believes that adherence to sound corporate governance policies and practices is of paramount importance in ensuring that the Company is governed and managed with the highest standards of responsibility, ethics and integrity and in the best interests of its shareholders. In the opinion of the Directors, the Company has complied with the provisions set out in the Code on Corporate Governance Practising of Securities (“CG Code”) on the Rules Governing the Listing of Securities on the SEHK (the “Listing Rules”) throughout the six months ended 30 June 2006. The recently promulgated Code Provision C2.1 of the CG Code in respect of a review of the effectiveness of the Group’s internal controls is first applicable to the Company for its financial year ending 31 December 2006. The Board has already put in place procedures, including seeking external advisory assistance, to enable the Board to report on Code Provision C2.1 in its 2006 Corporate Governance Report.

### Audit Committee

An Audit Committee has been established by the Company to oversee the overall financial reporting process as well as the adequacy and effectiveness of the Company’s internal control.

The Audit Committee currently consists of 3 Non-executive Directors; 2 of them are Independent Non-executive Directors. They are, viz.

- Dr. FONG Ching, Eddy, S.B.S., J.P. (*Chairman*)
- Mr. WONG Tin Yau, Kelvin
- Mr. Hubert CHAK

As of 30 June 2006, the Audit Committee has met twice since the beginning of the year to review the Company’s financial reports. It has also reviewed the Company’s internal controls and recommended to the Board an array of ways to strengthen its adequacy and effectiveness for implementation to ensure its full compliance with Code Provision C2.1 of the CG Code.

The Audit Committee has reviewed the accounting policies adopted by the Group and the interim consolidated financial statements for the six months ended 30 June 2006.

The interim consolidated financial statements for the six months ended 30 June 2006 have not been audited but have been reviewed by the Company’s external auditor, KPMG.

### 遵守企業管治常規守則

董事會相信，以良好企業管治政策及常規去管治及管理公司，是確保本公司維持最高水平的責任、道德及忠誠、並有效保障股東的最佳利益的重要一環。董事認為，本公司於截至二零零六年六月三十日止六個月，已遵守聯交所證券上市規則（「上市規則」）的證券企業管治常規守則（「企業管治守則」）所載條文。有關檢討本集團內部監控是否有效的企業管治守則第C2.1條守則條文，乃截至二零零六年十二月三十一日止財政年度首次適用於本公司。董事會已制定程序，包括外聘諮詢協助，讓董事會於其二零零六年企業管治報告書中，就本公司遵守第C2.1條守則條文方面匯報。

### 審核委員會

本公司已成立審核委員會，以監察本公司的整體財務報告程序，以及內部監控步驟是否充足有效。

審核委員會現時由3位非執行董事組成，其中2位為獨立非執行董事。他們包括：

- 方正博士 S.B.S., J.P. (主席)
- 黃天祐先生
- 翟迪強先生

截至二零零六年六月三十日，審核委員會自年初共召開兩次會議，以審閱本公司的財務報告。審核委員會同時檢討本公司的內部監控機制，並向董事會提出一系列建議，以加強機制的適當程度及效力，藉此確保本公司全面遵照企業管治守則的第C2.1條守則條文。

審核委員會已審閱本集團採納的會計政策，以及截至二零零六年六月三十日止六個月的中期綜合財務報表。

截至二零零六年六月三十日止六個月的中期綜合財務報表並未經審核，惟已由本公司外聘的核數師畢馬威會計師事務所審閱。

## Remuneration Committee

The Remuneration Committee is made up of 3 Non-executive Directors; 2 of them are Independent Non-executive Directors. They are, viz.

- Mr. WONG Tin Yau, Kelvin (*Chairman*)
- Dr. LEE Nai Shee, Harry, S.B.S., J.P.
- Mr. HO Lap Kee, Sunny

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.

The remuneration of Directors is determined by the Board based on the advice of the Remuneration Committee made with reference to their responsibilities. During the first six months of 2006, the Remuneration Committee convened two meetings to discuss and review, inter alia, the remuneration of the Directors.

## Nomination Committee

The Nomination Committee is comprised of 3 Non-executive Directors; 2 of them are Independent Non-executive Directors. They are, viz.

- Mr. HO Lap Kee, Sunny (*Chairman*)
- Dr. LEE Nai Shee, Harry, S.B.S., J.P.
- Dr. FONG Ching, Eddy, S.B.S., J.P.

The main duty of the Nomination Committee is to review the structure, size and composition of the Board and to nominate suitable candidates for subsequent approval by shareholders.

The selection of individuals to become Directors is based on assessment of their professional qualifications and experience. During the six-month period ended 30 June 2006, the Nomination Committee met once to recommend for subsequent approval by shareholders the re-appointment of 6 Directors.

## 薪酬委員會

薪酬委員會由3位非執行董事組成，其中2位為獨立非執行董事，他們包括：

- 黃天祐先生（主席）
- 李乃熺博士S.B.S.，J.P.
- 何立基先生

薪酬委員會負責就本公司董事及高級管理層的薪酬政策及架構，向董事會提出推薦建議。

薪酬委員會根據董事於公司的職責，向董事會作出提議，再由董事會決定董事的酬金。於二零零六年首六個月內，薪酬委員會召開了兩次會議進行討論及檢討，其中包括董事的薪酬。

## 提名委員會

提名委員會由3位非執行董事組成，其中2位為獨立非執行董事。他們包括：

- 何立基先生（主席）
- 李乃熺博士S.B.S.，J.P.
- 方正博士S.B.S.，J.P.

提名委員會的主要職責，乃檢討董事會的架構、規模及組合，並提名合適人選待股東批准。

本公司根據個別人士的專業資格及經驗而評選董事。截至二零零六年六月三十日止六個月內，提名委員會召開了一次會議，就重新委任6位董事提出建議，該建議需其後由股東批准。