

## CORPORATE GOVERNANCE REPORT 企業管治報告

**CODE ON CORPORATE GOVERNANCE PRACTICE**

The Code on Corporate Governance Practices (the "CCGP") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") has become effective for accounting periods commencing on or after 1 January 2005. The Company has taken steps not only to comply with the code provisions as set out in the CCGP but also with the aim to enhance the corporate governance practices of the Group as a whole.

The Company has complied with the CCGP throughout the year ended 30 June 2006 except that all the non-executive directors of the Company were not appointed for a specific term as required by code provision A.4.1 of the CCGP since they are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws.

**DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted its own code on terms no less exacting than those set out in the Model Code of the Listing Rules. The Company has made specific enquiries with all the directors and all of them have confirmed that they had complied with the requirements set out in the Model Code and the Company's code for the year ended 30 June 2006.

**BOARD OF DIRECTORS**

The Board is composed of the Chairman, the Managing Director, three executive directors including an alternate director, one non-executive director and three independent non-executive directors, whose biographical details are set out in the "Directors and Senior Management" on pages 4 and 9 of this annual report.

The Board is collectively responsible for overseeing the management of the business and affairs of the Group. The Board meets regularly throughout the year to discuss the overall strategies as well as operation and financial performances. Matters relating to (i) the formulation of the Group's strategy and directions; (ii) any material conflict of interest for substantial shareholders of the Company or directors; (iii) the approval of the Group's annual results, annual budgets, and other significant operational and financial transactions; (iv) changes to the Company's capital structure; and (v) major appointments to the Board are reserved for decisions by the Board. The day-to-day operation of the Group is delegated to the management, under the leadership of Managing Director and supported by his management team.

**企業管治常規守則**

香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載企業管治常規守則(「企業管治守則」)已於二零零五年一月一日或之後開始之會計年度生效。本公司已採取措施,不單為遵守企業管治守則所載守則條文,亦旨在提高本集團整體企業管治常規。

本公司於截至二零零六年六月三十日止年度內一直遵守企業管治守則,惟本公司所有非執行董事並非按企業管治守則第A.4.1條守則條文所規定以指定任期委任,因彼等須根據本公司之公司細則有關規定,在本公司之股東週年大會上最少每三年輪值退任一次及膺選連任。

**董事進行證券交易**

本公司已採納與上市規則之標準守則同樣嚴謹之守則。本公司已向全體董事作出具體查詢,彼等均確認,於截至二零零六年六月三十日止年度內一直遵守標準守則及本公司守則所載規定。

**董事會**

董事會成員包括主席、董事總經理、三名執行董事(包括一名替任董事)、一名非執行董事及三名獨立非執行董事。彼等之履歷詳情載於本年報第4及第9頁「董事及高級管理人員」內。

董事會共同負責監督本集團業務及事務之管理工作。董事會於年內定期會面,以討論整體策略以及營運與財務表現。有關(i)制定本集團策略及方向;(ii)本公司主要股東或董事之任何重大利益衝突;(iii)批准本集團年度業績、年度預算及其他重大營運與財務交易;(iv)更改本公司之股本結構;及(v)就董事會作出重大委任之事項均由董事會決定。管理層獲授權在董事總經理之領導及彼之管理隊伍支援下負責管理本集團之日常營運。

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**BOARD OF DIRECTORS** (continued)

During the year ended 30 June 2006, six board meetings were held and the attendance of directors is as follows:

**董事會** (續)

截至二零零六年六月三十日止年度曾舉行六次董事會會議，董事之出席情況如下：

<b>Members</b>		<b>Meetings Attended/Eligible to Attend</b>
<b>成員</b>		<b>曾出席／合資格出席會議</b>
<i>Executive Directors</i>		
Raymond Chow Ting Hsing (Chairman)	鄧文懷 (主席)	6/6
Phoon Chiong Kit (Managing Director)	潘從傑 (董事總經理)	6/6
David Chan Sik Hong	陳錫康	5/6
Roberta Chin Chow Chung Hang	陳鄒重珩	6/6
Lau Pak Keung (Alternate to Phoon Chiong Kit)	劉柏強 (潘從傑之替任董事)	N/A 不適用
<i>Non-executive Director</i>		
Eric Norman Kronfeld	Eric Norman Kronfeld	5/6
<i>Independent Non-executive Directors</i>		
Paul Ma Kah Woh	馬家和	6/6
Frank Lin	林輝波	6/6
Prince Chatrichalerm Yukol	Prince Chatrichalerm Yukol	1/6

During the year ended 30 June 2006, the Board at all times complied with the requirements of rules 3.10(1) and (2) of the Listing Rules relating to appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications. The Board has received from each independent non-executive director a written confirmation of his independence and the Board considers all of them to be independent pursuant to rule 3.13 of the Listing Rules.

截至二零零六年六月三十日止年度，董事會一直遵守上市規則第3.10(1)及(2)條有關委任獨立非執行董事之足夠數目及其中一名獨立非執行董事須具合適專業資格之規定。董事會已接獲各獨立非執行董事就彼等之獨立身分之書面確認，董事會認為，根據上市規則第3.13條，全體獨立非執行董事均屬獨立人士。

To the best knowledge of the Company, there is no financial, business, family or other material relationship among members of the Board except that Mrs. Roberta Chin Chow Chung Hang is the daughter of Mr. Raymond Chow Ting Hsing. Save as disclosed herein, there is also no relationship between the Chairman and the Managing Director.

據本公司所深知，除陳鄒重珩女士為鄧文懷先生之女兒外，董事會成員間並無任何財務、業務、家族或其他重大關連。除本文披露者外，主席與董事總經理間並無關連。

**CHAIRMAN AND MANAGING DIRECTOR**

In order to have a clear division between the management of the Board and the day-to-day management of the business operation of the Company, the role of the Chairman is separate from that of the Managing Director.

**主席與董事總經理**

為清晰界定董事會管理與本公司業務營運之日常管理，主席與董事總經理之角色已獨立區分。

The Chairman focuses on overall corporate development and strategic direction of the Group and provides leadership of the Board and oversees the effective functioning of the Board.

主席集中處理本集團整體企業發展及策略方向，並領導董事會及監督董事會有效運作。

The Managing Director is responsible for providing leadership for all day-to-day management matters as well as recommending and implementing the Group's strategies and policies. Such division of responsibilities helps to reinforce their independence and to ensure a balance of power and authority.

董事總經理負責領導所有日常管理事務，以及就本集團策略及政策提供建議並落實執行。職責區分有助加強彼等獨立處事，並確保權力及職權間取得平衡。

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**NON-EXECUTIVE DIRECTORS**

All non-executive directors of the Company were not appointed for a specific term since they are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws.

**REMUNERATION OF DIRECTORS**

The Company has established a Remuneration Committee on 8 October 2004 and has formulated its written terms of reference in accordance with code provision B.1.3. The Remuneration Committee consists of one executive director, Raymond Chow Ting Hsing, one non-executive director, Eric Norman Kronfeld (chairman of the Remuneration Committee), and three independent non-executive directors, Paul Ma Kah Woh, Frank Lin and Prince Chatrichalerm Yukol.

The principal responsibilities of the Remuneration Committee include making recommendation to the Board on the Company's policy and structure for the remuneration packages of all the directors and senior management of the Company according to its terms of reference, including benefits in kind, pension rights and compensation payments, including any compensation payable for the loss or termination of their office or appointment. The remuneration is based on factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

The Remuneration Committee held one meeting in 2006 to review and make recommendation to the Board on the directors' fees of all the existing non-executive directors, to review the remuneration for all existing executive directors and senior management. The attendance of the members of the Remuneration Committee is as follows:

**Members****成員**

Eric Norman Kronfeld ( <i>Chairman</i> )	Eric Norman Kronfeld (主席)
Raymond Chow Ting Hsing	鄒文懷
Paul Ma Kah Woh	馬家和
Frank Lin	林輝波
Prince Chatrichalerm Yukol	Prince Chatrichalerm Yukol

Details of emoluments of each director are set out in note 34 to the financial statements of this annual report.

**非執行董事**

本公司所有非執行董事並無指定任期，因彼等須根據本公司之公司細則有關規定在本公司股東週年大會上最少每三年輪值退任一次及膺選連任。

**董事酬金**

本公司已於二零零四年十月八日成立薪酬委員會，並根據守則條文第B.1.3條書面訂明其職權範圍。薪酬委員會成員包括一名執行董事鄒文懷、一名非執行董事Eric Norman Kronfeld (薪酬委員會主席)及三名獨立非執行董事馬家和、林輝波及Prince Chatrichalerm Yukol。

薪酬委員會之主要職責包括根據其職權範圍，向董事會就本公司全體董事及高級管理人員之薪酬組合政策及架構作出推薦意見，其中包括實物利益、退休金權利及賠償費用（包括就離職或終止職務或委任而應付之任何賠償）。薪酬乃參照可與比較公司支付之薪金、董事及高級管理人員付出之時間及職責、本集團各地區之僱傭條件及與表現掛鉤薪酬方案之適用程度等因素而釐定。

薪酬委員會於二零零六年曾舉行一次會議，以檢討全體現有非執行董事之董事袍金，以及檢討全體現有執行董事及高級管理人員之酬金並就此向董事會作出建議。薪酬委員會成員之出席情況如下：

**Meeting Attended/Eligible to Attend****曾出席／合資格出席會議**

Eric Norman Kronfeld ( <i>Chairman</i> )	Eric Norman Kronfeld (主席)	1/1
Raymond Chow Ting Hsing	鄒文懷	1/1
Paul Ma Kah Woh	馬家和	1/1
Frank Lin	林輝波	1/1
Prince Chatrichalerm Yukol	Prince Chatrichalerm Yukol	0/1

各董事之酬金詳情載於本年報財務報表附註34。

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**NOMINATION OF DIRECTORS**

The Board is empowered under the Company's Bye-laws to appoint any person as a director either to fill a casual vacancy or, subject to authorisation by the members in a general meeting, as an additional member of the Board. The selection criteria are mainly based on the professional qualification and experience of the candidate. A newly appointed director must retire and be re-elected at the first general meeting after his appointment. A retiring director will be eligible for re-election.

The Board reviews regularly its composition to ensure a balance of skills and experience appropriate for the requirements of the business of the Company. If the need arises, the Board as a whole, will decide on the nomination and appointment of new directors.

**AUDITORS' REMUNERATION**

For the year ended 30 June 2006, the fees paid/payable to the Group's auditors, Messrs. Ernst & Young, are set out as follows:

**Services Rendered**

所提供服務

**Fees Paid/Payable**

已付／應付費用

HK\$'000

千港元

Audit Services	審核服務	1,848
Non-audit Services (including interim review, tax advices and other services)	非審核服務(包括中期審閱、 稅務意見及其他服務)	672

**AUDIT COMMITTEE**

The Company established an Audit Committee on 9 October 1998 and formulated written terms of reference in accordance with the requirements of the Listing Rule. The Audit Committee's current members included three independent non-executive directors. The Chairman of the Committee is a qualified accountant with extensive experience in financial reporting and management.

During the year ended 30 June 2006, three audit committee meetings were convened and the individual attendance of members are set out as follows:

**Members**

成員

**Meetings Attended/Eligible to Attend**

曾出席／合資格出席會議

Paul Ma Kah Woh (Chairman)	馬家和(主席)	3/3
Frank Lin	林輝波	3/3
Prince Chatrichalerm Yukol	Prince Chatrichalerm Yukol	1/3

**提名董事**

根據本公司之公司細則，董事會獲授權委任任何人士出任董事，以填補臨時空缺或在股東於股東大會授權之規限下，作為董事會之新增成員。甄選條件主要按候選人之專業資格及經驗為基準。新委任董事必須於獲委任後首個股東大會退任及膺選連任。退休董事將合資格膺選連任。

董事會定期檢討其成員組合，以確保成員之技能與經驗能取得平衡，能夠符合本公司業務需要。倘有需要，董事會將整體決定新董事之提名及委任。

**核數師酬金**

截至二零零六年六月三十日止年度，已付／應付本集團核數師安永會計師事務所之費用載列如下：

**審核委員會**

本公司於一九九八年十月九日成立審核委員會，並根據上市規則書面訂明其職權範圍。審核委員會現有成員包括三名獨立非執行董事。委員會主席為合資格會計師，於財務申報及管理方面擁有豐富經驗。

截至二零零六年六月三十日止年度曾召開三次審核委員會會議，個別成員之出席情況如下：

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**AUDIT COMMITTEE** (continued)

The principal duties of the Audit Committee include monitoring integrity of the financial statements of the Company, reviewing the effectiveness of Company's internal control and risk management as delegated by the Board and making recommendation to the Board on the appointment and engagement of the external auditors for the audit and non-audit services.

During the year, the Audit Committee reviewed the accounting principles and policies adopted by the Group and discussed financial reporting matters including review of the interim and audited financial statements. In addition, the Audit Committee also reviewed the engagement of the external auditors and the adequacy and effectiveness of the Company's internal control and risk management systems and made recommendations to the Board.

**DIRECTORS' RESPONSIBILITIES TO FINANCIAL STATEMENTS**

The directors acknowledge their responsibilities to prepare the financial statements in each financial year with supports from finance department and to ensure that the relevant accounting policies are observed and the accounting standards issued by the Hong Kong Institute of Certified Public Accountants are complied with in the preparation of such financial statements and to report the financial affairs of the Company in a true and fair manner.

The directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

**INTERNAL CONTROLS**

The Board has overall responsibilities for maintaining a sound and effective internal control system with the aim to (i) safeguard the Group's assets against unauthorised use or disposition; (ii) maintain proper accounting records and (iii) ensure compliance with relevant legislation and regulations. The internal control system of the Group comprises a well-established organisation structure and comprehensive policies and standards. The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management function. No material internal control deficiencies had come to the attention of the Audit Committee or the Board that may affect the shareholders of the Company. The directors of the Board are of the opinion that the Company has complied with the code provision C.2.1 on internal controls as set out in the CCGP contained in Appendix 14 of the Listing Rules.

**審核委員會 (續)**

審核委員會之主要職務包括監控本公司財務報表是否完整全面、按董事會授權檢討本公司之內部監控及風險管理事宜、以及就委聘外聘核數師進行審核及非審核服務向董事會作出推薦意見。

年內，審核委員會曾審閱本集團採納之會計原則及政策，並討論財務申報事宜，包括審閱中期及經審核財務報表。此外，審核委員會亦審閱外聘核數師之委聘、本公司內部監控及風險管理制度是否足夠及有效，並向董事會作出推薦意見。

**董事對財務報表之責任**

董事瞭解彼等之責任為於財務部門支援下，編製每個財政年度之財務報表，確保遵照有關會計政策及香港會計師公會頒佈之會計準則編製有關財務報表，以及真實公平地呈報本公司之財務狀況。

董事確認，據彼等經作出一切合理查詢後所深知、全悉及確信，彼等並不知悉有任何可能對本公司持續經營能力構成重大疑問之任何重大不明朗事項或情況。

**內部監控**

董事會有整體責任維持穩健兼有效之內部監控制度，旨在(i)保障本集團資產不會無經授權而遭使用或處置；(ii)維持妥善會計記錄及(iii)確保遵從有關法例及規例。本集團之內部監控系統包括完善之組織結構及周全政策與準則。董事會透過審核委員會審閱本集團內部監控制度之效益，當中涉及財務、營運及守規監控與風險管理職能等所有重大監控事宜。審核委員會或董事會概不知悉任何可能影響本公司股東之重大內部監控缺漏。董事會認為，本公司一直遵守上市規則附錄14內企業管治守則項下有關內部監控之第C.2.1條守則條文之規定。