

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

### CODE ON CORPORATE GOVERNANCE PRACTICES

In the light of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which came into effect on 1st January, 2005, the Board has reviewed the corporate governance practices of the Company with the adoption and improvement of the various procedures and documentation which are detailed in this report. The Company has applied the principles of and complied with the applicable code provisions of the CG Code during the year ended 31st December, 2006, except for certain deviations as specified with considered reasons for such deviations as explained below. The Board will review the current practices at least annually and make appropriate changes if considered necessary.

本公司致力於切合實際的範疇內維持高水平之企業管治，以強調透明度、問責性和獨立性為原則。董事會相信優良的企業管治對本公司之成功和提升股東價值乃非常重要。

### 企業管治常規守則

根據已於二零零五年一月一日生效之香港聯合交易所有限公司（「聯交所」）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」），董事會已審閱本公司之企業管治常規，並已採納及改進多項於本報告內詳述之程序和文獻。本公司於截至二零零六年十二月三十一日止年度內已應用企業管治守則之原則及遵守其適用之守則條文，惟下文解釋之若干已闡明原因的偏離行為除外。董事會將至少每年一次審閱當前之常規，並在認為必要時作出適當更改。

## THE BOARD

The Board currently comprises six Directors in total, with three Executive Directors and three Independent Non-Executive Directors (“INEDs”). The composition of the Board during the year and up to the date of this report is set out as follows:

**Executive Directors** : Akihiro Nagahara (*Chairman*)  
Stephen Lo Kam Fai (*Chief Executive*)  
Poon Mo Yiu  
(appointed on 28th September, 2006)

Edwin Lo King Yau  
(resigned on 28th September, 2006)

**INEDs** : Chan Bo Ching  
Li Chak Hung  
Yuen Wai Ho

The brief biographical details of the Directors are set out in the “Brief Biographical Details of Directors and Senior Management” section on pages 28 to 31.

During the year, the INEDs provided the Group with a wide range of expertise and experience. Their active participation in the Board and committee meetings brings independent judgment on issues relating to the Group’s strategy, performance and management process, taking into account the interests of all shareholders.

Throughout the year, the Company has three INEDs representing more than one-third of the Board. Two of the three INEDs have the appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Board has received from each INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

## 董事會

董事會目前由六位董事組成包括三名執行董事及三名獨立非執行董事，董事會於年內及截至本報告日期之組成載列如下：

**執行董事** : 長原彰弘 (*主席*)  
羅錦輝 (*行政總裁*)  
潘慕堯  
(於二零零六年九月二十八日獲委任)

勞景祐  
(於二零零六年九月二十八日辭任)

**獨立非執行董事** : 陳步青  
李澤雄  
阮煒豪

董事之簡歷詳列於第28頁至31頁之「董事及高級行政要員簡歷」一節內。

於本年度內，獨立非執行董事為本集團提供廣泛之專業知識和經驗。彼等積極參與董事會和委員會會議，對有關本集團之策略、表現和管理程序之事宜提供獨立判斷，並顧及全體股東利益。

於整個年度，本公司之三位獨立非執行董事佔董事會人數多於三分之一。三位獨立非執行董事中之兩位具備上市規則第3.10條所列之適當的會計或相關的財務管理專長。董事會亦接獲每位獨立非執行董事有關其獨立性之年度確認書，及認為所有獨立非執行董事均具有上市規則第3.13條指引下之獨立性。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### THE BOARD (continued)

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group in addition to the meetings for reviewing and approving the Group's annual and interim results. During the year, four Board meetings were held and attendance of each Director at the Board meetings is set out as follows:

### 董事會 (續)

除召開會議審閱和批核本集團之年度及中期業績之外，董事會定期召開會議，討論本集團之整體策略以及營運和財務表現。年內，共召開四次董事會會議，各董事之出席情況如下：

	<b>Number of Board meetings attended / eligible to attend</b>
	出席 / 合資格出席 董事會會議之次數
<b>Executive Directors:</b>	<b>執行董事：</b>
Akihiro Nagahara ( <i>Chairman</i> )	長原彰弘 (主席) 4/4
Stephen Lo Kam Fai ( <i>Chief Executive</i> )	羅錦輝 (行政總裁) 4/4
Poon Mo Yiu (appointed on 28th September, 2006)	潘慕堯 (於二零零六年 九月二十八日獲委任) 1/1
Edwin Lo King Yau (resigned on 28th September, 2006)	勞景祐 (於二零零六年 九月二十八日辭任) 3/3
<b>INEDs:</b>	<b>獨立非執行董事：</b>
Chan Bo Ching	陳步青 4/4
Li Chak Hung	李澤雄 4/4
Yuen Wai Ho	阮煒豪 4/4

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, recommendations on Directors' appointment or re-appointment, material contracts and transactions as well as other significant policy and financial matters. The Board has delegated the daily operations and administration to the executive management under the supervision of the Executive Committee which has its specific written terms of reference. The respective functions of the Board and management of the Company have been formalised and set out in writing which was approved by the Board in October 2005. The Board will review the same once a year.

經董事會決定或考慮的事宜主要包括集團整體策略、年度營運預算、年度及中期業績、董事委任或重選之建議、重大合約及交易，以及其他重大政策和財務事宜。董事會已將日常營運及行政事務委派予行政管理人員處理，並受執行委員會監督，執行委員會亦具有明確之書面職權範圍。董事會及本公司管理層各自之職能已以書面制定和列明，及已於二零零五年十月獲董事會批准。董事會將每年對上述功能作出檢討。

## THE BOARD (continued)

Board meetings each year are scheduled in advance to facilitate maximum attendance of Directors and to be held at approximately quarterly intervals and as required by business needs. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to the current Board practice, any transaction which involves a conflict of interests for a substantial shareholder or a Director and which is considered by the Board to be material, will be dealt with by the Board at a duly convened Board meeting. The articles of association of the Company (the "Articles of Association") also stipulate that a Director should abstain from voting and not be counted in the quorum at meetings for approving transactions in which such Director or any of his associates have a material interest therein.

## 董事會 (續)

每年之董事會會議已於一年前預定日期，有助達至最高之董事出席率，會議大概每季及按業務需要而舉行。召開董事會會議通常會給予所有董事至少十四天的事先通知，以便有機會將討論事項加入議程內。公司秘書協助主席編制會議議程及確保已遵守所有適用規則及規例。議程及隨附之董事會文件一般在舉行常規董事會會議(及就可行情況下，其他董事會會議)前三天送呈全體董事。每次董事會會議之會議記錄草稿於提交下一次董事會會議審批前，先供全體董事傳閱及提出意見。所有會議記錄均由公司秘書保存，並供任何董事於發出合理通知時，在任何合理之時間內查閱。

根據目前之董事會慣例，任何涉及主要股東或董事權益衝突之交易及董事會認為屬重大之交易均須由董事會於正式召開之董事會議上處理。本公司之組織章程細則(「章程細則」)亦規定，董事須就審批其或其任何聯繫人擁有重大權益之交易之會議上放棄投票及不會計算於該等會議上之法定人數內。

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### THE BOARD (continued)

Every Director is entitled to have access to board papers and related materials and has access to the advice and services of the Company Secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, a written procedure was established in October 2005 to enable the Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

### Roles of Chairman and Chief Executive

The roles of the Chairman and the Chief Executive are separate to reinforce their respective independence and accountability. The Chairman of the Company is Mr. Akihiro Nagahara who is primarily responsible for the leadership of the Board, ensuring that sufficient time is allowed for the Board to discuss complex or contentious issues, that all Directors are properly briefed on issues arising at Board meetings, and that the Directors receive accurate, timely and clear information. The function of the Chief Executive is performed by an Executive Director, Mr. Stephen Lo Kam Fai who is responsible for the executive management of the Company's operations. The division of responsibilities between the Chairman and Chief Executive has been set out in writing and approved by the Board in June 2005.

### 董事會 (續)

每位董事均有權查閱董事會文件及相關資料，及接觸公司秘書並尋求意見及服務。董事會及每位董事亦可個別及獨立地接觸本公司之高級行政要員。董事將獲持續提供上市規則及其他適用監管規定主要發展的最新資料，以確保彼等遵守及秉持優秀企業管治慣例。此外，本公司已於二零零五年十月制訂書面程序，讓各董事於履行其職務時在適當情況下尋求獨立專業意見，有關合理費用由本公司承擔。

### 主席及行政總裁

主席及行政總裁具獨立角色，藉以加強彼等各自之獨立性和問責性。本公司主席為長原彰弘先生，彼主要負責領導董事會，確保董事會擁有充裕時間商討複雜或具爭議之問題，將董事會產生之問題向所有董事作出適當介紹，並確保董事獲取準確、適時及清楚之資料。而行政總裁由羅錦輝先生擔任，彼為執行董事之一及負責本公司營運方面之行政管理。主席及行政總裁之職能已以書面區分，並於二零零五年六月獲董事會批准。

## THE BOARD (continued)

### Appointment and Re-election of Directors

The Nomination Committee has been established in June 2005 and currently consists of three members, Messrs. Yuen Wai Ho (Chairman), Chan Bo Ching and Li Chak Hung, all of whom are INEDs.

The major roles and functions of the Nomination Committee are:

- (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- (ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (iii) to assess the independence of INEDs;
- (iv) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the Chairman and the Chief Executive;
- (v) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- (vi) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.

## 董事會 (續)

### 委任及重選董事

提名委員會已於二零零五年六月成立，目前由三位成員組成，包括阮煒豪先生(主席)、陳步青先生及李澤雄先生，彼等均為獨立非執行董事。

提名委員會之主要角色及職能如下：

- (i) 定期檢討董事會之架構、規模及組合(包括技能、知識及經驗方面)，並就任何擬作出之變動向董事會提出建議；
- (ii) 物色具備合適資格可成為董事會成員之人選，並挑選有關人士提名為董事，或就此向董事會提供意見；
- (iii) 評核獨立非執行董事之獨立性；
- (iv) 就委任或重新委任董事以及董事(尤其主席及行政總裁)繼任計劃之相關事宜向董事會提出建議；
- (v) 為使委員會可履行董事會向其授予之權力及職能而進行任何事宜；及
- (vi) 遵守董事會可不時規定或本公司法規所載或法例所施加之任何規定、指示及規則。



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### THE BOARD (continued)

#### Appointment and Re-election of Directors (continued)

The terms of reference of the Nomination Committee were adopted in June 2005 and have been posted on the Company's website.

The Nomination Committee shall meet before the holding of an AGM where appointment of Directors will be considered and additional meetings shall be held as and when necessary. During the year, one Nomination Committee meeting was held before the 2006 AGM to consider the re-election of Directors and attendance of each member is set out as follows:

#### Committee member

##### 委員會成員

Yuen Wai Ho (*Chairman*)

Chan Bo Ching

Li Chak Hung

### 董事會 (續)

#### 委任及重選董事 (續)

提名委員會之職權範圍於二零零五年六月獲採納，及已登載於本公司網頁。

提名委員會須於考慮選舉董事之股東週年大會舉行前召開會議，及於有需要時額外舉行會議。年內，於二零零六年股東週年大會之前舉行了一次提名委員會會議以考慮重選董事，各成員之出席情況如下：

Number of Committee meetings attended/ eligible to attend	
出席／合資格出席委員會會議之次數	

阮煒豪先生 (主席)

1/1

陳步青先生

1/1

李澤雄先生

1/1

During the year, through circulation of written resolution, the Nomination Committee recommended to the Board for the appointment of Mr. Poon Mo Yiu as an Executive Director to fill the vacancy created by the resignation of Mr. Edwin Lo King Yau.

Every newly appointed Director of the Company will receive an information package from the Company Secretary on the first occasion of his appointment. This information package is a comprehensive, formal and tailored induction on the responsibilities and on-going obligations to be observed by a director pursuant to the Companies Ordinance, Listing Rules and Securities and Futures Ordinance (the "SFO"). In addition, this information package includes materials to briefly describe the operations and business of the Company. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

年內，透過傳發書面決議，提名委員會向董事會建議委任潘慕堯先生為執行董事，以填補勞景祐先生辭任所產生之空缺。

本公司每位新委任之董事均會在首次接受委任時由公司秘書提供一套資料。此套資料為按照公司條例、上市規則及證券及期貨條例所列的一份全面、正式及特為其而設的董事責任及持續職責須知。此外，此套資料包括簡述本公司營運和業務之資料。董事將獲持續提供上市規則及其他適用監管規定主要發展的最新資料，以確保彼等遵守及秉持優秀企業管治慣例。

## THE BOARD (continued)

### Appointment and Re-election of Directors (continued)

Each of the INED was appointed for a specific term of one year, but subject to the relevant provisions of the Articles of Association or any other applicable laws whereby the Directors shall vacate or retire from their office. Such term for each of the INED has been renewed for a further one year upon expiry on 31st December, 2006.

According to the Articles of Association, at each AGM of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) should retire from office by rotation. Further, any Director appointed to fill a casual vacancy should hold office only until the next following general meeting of the Company whilst for those appointed as an addition to the Board should hold office until the next following AGM and in both cases, those Directors would then be eligible for re-election at the relevant meeting. Every Director shall be subject to retirement by rotation at least once every three years.

### Board Committees

In addition to the Nomination Committee, the Board has established three committees, being the Remuneration Committee, Audit Committee and Executive Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations where appropriate. The procedures and arrangements for a Board meeting, as mentioned on page 7 in the section "The Board" above, have been adopted for the committee meetings so far as practicable.

## 董事會 (續)

### 委任及重選董事 (續)

各獨立非執行董事之特定任期為一年，並須根據本公司之章程細則中相關規定或其他適用法律辭任或退任。各獨立非執行董事之任期已於二零零六年十二月三十一日屆滿時續期一年。

根據章程細則，於本公司每屆股東週年大會上，屆時三分之一之董事(或倘人數並非三之倍數，則為最接近但不少於三分之一)須輪值退任。此外，任何獲委任以填補臨時空缺之董事僅可任職至下一次股東大會為止，而任何獲委任加入董事會之新增董事可任職至下一屆股東週年大會。在此兩種情況下，此等董事屆時均可於有關會議上膺選連任。每一位董事須至少每三年輪值退任一次。

### 董事委員會

除提名委員會外，董事會已成立三個委員會，即薪酬委員會、審核委員會及執行委員會，並以書面具體列明其職權範圍。所有會議之會議記錄及委員會之決議案均由公司秘書保存，並供董事會成員傳閱，而各委員會須向董事會報告其決定及建議(倘適合)。董事會會議之程序和安排(於上文第7頁「董事會」一節提述)已於可行情況下在每次委員會會議上採納。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### THE BOARD (continued)

#### Board Committees (continued)

##### *Remuneration Committee*

The Remuneration Committee has been established since June 2005 and currently consists of three members, including Messrs. Chan Bo Ching (Chairman), Li Chak Hung and Yuen Wai Ho, all of whom are INEDs. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

The major roles and functions of the Remuneration Committee are:

- (i) to consult the Chairman and/or the Chief Executive of the Company about their proposals relating to the remuneration of Executive Directors and the senior management (which should refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 or other rule(s) from time to time of the Listing Rules) of the Company (the "Senior Management");
- (ii) to make recommendations to the Board on the policy and structure for all remuneration of the Directors and the Senior Management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

### 董事會 (續)

#### 董事委員會 (續)

##### *薪酬委員會*

薪酬委員會於二零零五年六月成立，目前由三位成員組成，包括陳步青先生(主席)、李澤雄先生及阮煒豪先生，彼等均為獨立非執行董事。薪酬委員會獲提供充裕資源以履行其職務，並可按本公司之政策在有需要時尋求獨立專業意見。

薪酬委員會之主要角色及職能如下：

- (i) 就本公司執行董事及高級行政要員(乃指本公司年報內所指同類職級人士，及按上市規則附錄16第12段或不時規定之其他規則須予披露者)(「高級行政要員」)薪酬之建議，諮詢本公司主席及／或行政總裁；
- (ii) 就董事及高級行政要員之全體薪酬政策及架構，以及就制訂該等薪酬政策而設立正式及具透明度之程序，向董事會提出建議；

## THE BOARD (continued)

### Board Committees (continued)

#### Remuneration Committee (continued)

- (iii) have the delegated responsibility to determine the specific remuneration packages of all Executive Directors and the Senior Management, including (but not limited to) benefits in kind, pension rights and compensation payments (such as compensation payable for loss or termination of their office or appointment), and make recommendations to the Board of the remuneration of Non-Executive Directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- (iv) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (v) to ensure that no Director or any of his associates is involved in deciding his own remuneration. For this purpose, the remuneration of any member of the Committee shall be determined by the Board;
- (vi) to advise shareholders of the Company on how to vote with respect to any service contracts of Directors that require shareholders' approval under Rule 13.68 or other rule(s) from time to time of the Listing Rules; and
- (vii) to review and approve performance-based remuneration by reference to the goals and objectives resolved by the Board from time to time.

## 董事會 (續)

### 董事委員會 (續)

#### 薪酬委員會 (續)

- (iii) 獲轉授職責，以釐定所有執行董事及高級行政要員之特定薪酬方案，包括（但不限於）非金錢利益、退休金權益及賠償款項（例如因離職或終止職務或委任須支付之賠償），並就非執行董事之薪酬向董事會提供建議。委員會應考慮同類公司所支付之薪酬、董事所付出之時間及職責、本集團其他職位之僱用條件，以及是否應按表現釐定薪酬等因素；
- (iv) 檢討及批准董事因行為失當而遭解僱或罷免之賠償安排，以確保該等安排乃根據有關合約條款釐定，且任何賠償款項在其他方面屬合理和適當；
- (v) 確保概無董事或其任何聯繫人參與釐定其本身之薪酬。就此而言，委員會任何成員之薪酬須由董事會釐定；
- (vi) 就根據上市規則第13.68條或不時規定之其他規則須獲股東批准之任何董事服務合約，向本公司股東提出有關如何表決之意見；及
- (vii) 透過參照董事會不時通過之公司目標，檢討及批准按表現而釐定之薪酬。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### THE BOARD (continued)

#### Board Committees (continued)

##### Remuneration Committee (continued)

The terms of reference of the Remuneration Committee were adopted in June 2005 and have been posted on the Company's website.

The Remuneration Committee shall meet at least once a year. One committee meeting was held in 2006 to review (i) the existing policy and structure for the remuneration of Directors and Senior Management; (ii) the remuneration packages of the Executive Directors and Senior Management; and (iii) the remuneration of the INEDs and the attendance of each member is set out as follows:

Committee member	Number of Committee meetings attended/ eligible to attend
委員會成員	出席／合資格出席 委員會會議之次數
Chan Bo Ching ( <i>Chairman</i> )	陳步青 (主席) 1/1
Li Chak Hung	李澤雄 1/1
Yuen Wai Ho	阮煒豪 1/1

The remuneration payable to Directors will depend on their respective contractual terms under their service contracts as approved by the Board on the recommendation of the Remuneration Committee. Details of the Directors' remuneration are set out in note 10 to the financial statements.

During the year, through circulation of written resolutions, the Remuneration Committee recommended to the Board for the followings:

- (i) the payment of a director's fee per annum to each of the Executive Directors;
- (ii) the increase of the remuneration of the INEDs; and
- (iii) the renewal of the term of appointment for INEDs until 31st December, 2007.

### 董事會 (續)

#### 董事委員會 (續)

##### 薪酬委員會 (續)

薪酬委員會之職權範圍於二零零五年六月採納，及已登載於本公司網頁。

薪酬委員會每年須至少召開一次會議。於二零零六年已召開一次會議，以審議(i)董事及高級行政要員之現行薪酬政策及架構；(ii)全體執行董事及高級行政要員之薪酬方案；及(iii)獨立非執行董事之薪酬，而各成員之出席次數如下：

董事之酬金將視乎薪酬委員會向董事會提供之建議獲批准後，並按各自之服務合約內之條款而釐定。董事酬金之詳情載列於財務報表附註10。

年內，透過傳遞書面決議案，薪酬委員會就下列事項向董事會提供建議：

- (i) 每年向各執行董事支付董事袍金；
- (ii) 提高獨立非執行董事薪酬；及
- (iii) 延長獨立非執行董事任期至二零零七年十二月三十一日。

## THE BOARD (continued)

### Board Committees (continued)

#### *Audit Committee*

The Audit Committee has been established some time ago and currently consists of three INEDs. To retain independence and objectivity, the Audit Committee has been chaired by Mr. Li Chak Hung who has the appropriate professional qualifications or accounting or related financial management expertise. The other members of the Audit Committee are Messrs. Chan Bo Ching and Yuen Wai Ho. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The major roles and functions of the Audit Committee are:

- (i) to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditors;
- (ii) to consider and discuss with the external auditors the nature and scope of each year's audit;
- (iii) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- (iv) to review the interim and annual financial statements before submission to the Board;

## 董事會 (續)

### 董事委員會 (續)

#### 審核委員會

審核委員會已成立多時，目前由三位獨立非執行董事組成。為保持獨立性和客觀性，審核委員會由李澤雄先生擔任主席，彼具備合適專業資格或會計或相關財務管理專長。審核委員會其他兩位成員為陳步青先生及阮煒豪先生。審核委員會獲提供充裕資源以履行其職務，並可按本公司之政策在有需要時尋求獨立專業意見。

審核委員會之主要角色及職能如下：

- (i) 主要負責就外聘核數師之委任、重新委任及罷免向董事會提供建議，以及批准外聘核數師之薪酬及聘用條款，並處理任何有關該核數師辭任或辭退之問題；
- (ii) 考慮及與外聘核數師討論每年審核之性質及範疇；
- (iii) 按適用之標準檢討及監察外聘核數師之獨立性及客觀性，以及核數程序之成效；
- (iv) 於中期及年度財務報表提交董事會前先行審議；

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### THE BOARD (continued)

### 董事會 (續)

#### Board Committees (continued)

#### 董事委員會 (續)

##### Audit Committee (continued)

##### 審核委員會 (續)

(v) to consider any significant or unusual items that are, or may need to be, reflected in the interim and annual financial statements, and any matters the external auditors, the Company's Qualified Accountant or compliance officer may wish to discuss;

(v) 考慮需要或可能需要反映於中期及年度財務報表之任何重大或非經常性項目，以及外聘核數師、本公司之合資格會計師或法規主任擬討論之任何事項；

(vi) to review the external auditors' management letters and management's response;

(vi) 審議外聘核數師之致管理層函件及管理層之回應；

(vii) to review the Group's financial controls, internal control and risk management systems; and

(vii) 檢討本集團之財務監控、內部監控及風險管理制度；及

(viii) to consider any findings of major investigations of internal control matters as delegated by the Board and management's response.

(viii) 考慮董事會授予內部監控事項的主要調查及任何發現以及管理層之回應。

The terms of reference of the Audit Committee of the Company were revised in June 2005 and have been posted on the Company's website.

本公司審核委員會之職權範圍已於二零零五年六月作出修訂，並已登載於本公司網頁。

The Audit Committee shall meet at least twice a year. Two committee meetings were held in 2006 and the attendance of each member is set out as follows:

審核委員會每年須至少舉行兩次會議。於二零零六年已召開兩次會議，而各成員之出席次數如下：

Committee member	Number of Committee meetings attended/ eligible to attend 出席／合資格出席 委員會會議之次數	
委員會成員		
Li Chak Hung ( <i>Chairman</i> )	李澤雄 (主席)	2/2
Chan Bo Ching	陳步青	2/2
Yuen Wai Ho	阮煒豪	2/2

**THE BOARD (continued)**

**Board Committees (continued)**

*Audit Committee (continued)*

During the meetings held in 2006 and through circulation of written resolutions, the Audit Committee had performed the works as summarised below:

- (i) recommended to the Board for the appointment of Messrs. Deloitte Touche Tohmatsu (“Deloitte”) as auditor of the Group subsequent to the resignation of Messrs. Ernst & Young;
- (ii) reviewed and recommended to the Board for approval of the engagement letters issued by Deloitte for the confirmation of various matters relating to Deloitte’s engagement as auditor of the Group for the years ended 31st December, 2005 and 31st December, 2006 and for the six months ended 30th June, 2006;
- (iii) reviewed the letter of representation and the financial statements for the year ended 31st December, 2005 and recommended the same to the Board for approval;
- (iv) reviewed the unaudited financial statements for the six months ended 30th June, 2006 and recommended the same to the Board for approval;
- (v) reviewed the Auditor’s independent review report for the six months ended 30th June, 2006;
- (vi) reviewed the internal control system with the support from the Internal Audit Department on the operations and performance of the Group.

**董事會 (續)**

**董事委員會 (續)**

*審核委員會 (續)*

於二零零六年內舉行之會議上及透過傳遞書面決議案，審核委員會已履行之工作概述如下：

- (i) 建議董事會於安永會計師事務所辭任後委聘德勤·關黃陳方會計師行(「德勤」)為本集團核數師；
- (ii) 審議及建議董事會批准德勤就確認與委聘其擔任本集團截至二零零五年十二月三十一日及二零零六年十二月三十一日止年度以及截至二零零六年六月三十日止六個月之核數師相關之事項所發出之聘用書；
- (iii) 審議截至二零零五年十二月三十一日止年度之聲明函件及財務報表，並建議董事會批准該等函件及財務報表；
- (iv) 審閱截至二零零六年六月三十日止六個月之未經審核財務報表，並建議董事會批准該財務報表；
- (v) 審議核數師就截至二零零六年六月三十日止六個月之獨立審閱報告；
- (vi) 在內部審核部門支援下審議本集團營運及表現之內部監控系統。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### THE BOARD (continued)

#### Board Committees (continued)

##### *Executive Committee*

The Executive Committee has been established since October 2005 and currently consists of three Executive Directors, being Messrs. Akihiro Nagahara (Chairman), Stephen Lo Kam Fai and Poon Mo Yiu. The Executive Committee is vested with all the general powers of management and control of the activities of the Group as are vested in the Board of the Company, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive Committee.

The Executive Committee meets as and when necessary to discuss the operating affairs of the Group. It is mainly responsible for undertaking and supervising the day-to-day management and is empowered:

- (i) to formulate and implement policies for the business activities, internal control and administration of the Group; and
- (ii) to plan and decide on strategies to be adopted for the business activities of the Group within the overall strategy of the Group as determined by the Board.

### 董事會 (續)

#### 董事委員會 (續)

##### *執行委員會*

執行委員會於二零零五年十月成立，目前由三位執行董事組成，包括長原彰弘先生 (主席)、羅錦輝先生及潘慕堯先生。執行委員會獲授予董事會所獲授關於本集團活動之所有一般管理和控制權，惟根據執行委員會之書面職權範圍須留待董事會決定和批准之該等事項除外。

執行委員會於有需要時舉行會議，以討論本集團之營運事宜。其主要負責處理及監察日常管理事宜，並有權：

- (i) 制定及落實有關本集團之商業活動、內部監控及行政政策；及
- (ii) 在董事會確定之本集團整體策略範圍內規劃及決定就本集團商業活動將予採納之策略。

## THE BOARD (continued)

### Codes for Securities Transactions by Directors and Relevant Employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code.

To comply with the code provisions A.5.4 of the CG Code, the Company has also established and adopted in June 2005 the Model Code, to regulate dealings in the securities of the Company by all employees of the Company and its subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company or its securities.

### Accountability and Audit

#### *Financial Reporting*

The Directors acknowledge their responsibility for preparing, with the support from Accounts Department, the financial statements of the Group. In preparing the financial statements for the year ended 31st December, 2006, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Listing Rules and the Hong Kong Companies Ordinance were complied with.

The reporting responsibilities of the Company’s external auditor, Deloitte, are set out in the Independent Auditor’s Report on pages 36 to 38.

## 董事會 (續)

### 董事及相關僱員進行證券交易之守則

本公司已採納上市規則附錄10所載上市發行人董事進行證券交易的標準守則(「標準守則」)，作為其有關董事進行證券交易之行為守則。經本公司作出特定查詢後，全體董事已確認彼等已遵照標準守則所載之規定標準。

為遵照企業管治守則之守則條文第A.5.4條，本公司亦已於二零零五年六月制定及採納標準守則，藉此規管本公司及其附屬公司所有僱員(彼等被視為可能知悉有關本公司或其證券之未刊發及價格敏感資料)對於買賣本公司證券之行為。

### 問責和審核

#### *財務匯報*

於會計部之協助下，董事確認彼等編製本集團財務報表之責任。於編制截至二零零六年十二月三十一日止年度之財務報表時，已採納香港公認會計原則，並遵守香港會計師公會頒佈之香港財務報告準則(亦包括香港會計準則及詮釋)之規定以及上市規則及香港公司條例之適用披露規定。

本公司外聘核數師德勤之申報責任載於第36至38頁之獨立核數師報告內。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### THE BOARD (continued)

#### Accountability and Audit (continued)

##### Internal Control

The Group's internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and manage rather than eliminate risks of failure in operational systems. In 2006, the Board, through the Audit Committee and the Internal Audit Department, has reviewed the effectiveness of the internal control systems of the Group.

##### Internal Audit

The Internal Audit Department carries out a systematic approach to improve the effectiveness of the internal control systems of the Group. The Internal Audit Department presents its report and findings and the annual audit plan at the Audit Committee meetings for approval. Copies of the minutes of the Audit Committee meetings will also be sent to the Board for information.

##### External Auditor's Remuneration

During the year, the remuneration paid/payable to the Company's external auditor, Deloitte, is set out as follows:

#### Services rendered for the Group

向本集團提供之服務

Audit services

Non-audit services including

Taxation compliance and  
advisory service fees

Total

### 董事會 (續)

#### 問責和審核 (續)

##### 內部監控

本集團之內部監控系統旨在合理地(但並非絕對地)保證並無重大失實陳述或損失,並管理(但並非完全消除)本集團營運系統失誤的風險。於二零零六年,透過審核委員會及內部審核部門,董事會已審議本集團內部監控系統之有效性。

##### 內部審核

內部審核部門採取有系統方法以提高本集團內部監控系統之有效性。內部審核部門於審核委員會會議上提呈其報告、調查結論及年度審核計劃以供審批。審核委員會會議之會議記錄副本亦將提呈董事會。

##### 外聘核數師之酬金

年內,已付/應付本公司外聘核數師德勤之酬金載列如下:

#### Fee paid/payable

已付/應付費用

HK\$'000

千港元

核數服務

482

非核數服務包括  
稅務合規及諮詢  
服務費用

48

總計

530

## THE BOARD (continued)

### Communication with Shareholders

The Board recognises the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information as well as the recent development of the Group are also made available on the Company's website.

The AGM is a valuable forum for the Board to communicate directly with the shareholders. The Chairman actively participates in the AGM and personally chairs the meeting to answer any questions from the shareholders. The chairmen of the Audit Committee and the Remuneration Committee or in his absence, other members of the respective committees, are also available to answer questions at the AGM. A separate resolution is proposed by the Chairman in respect of each issue to be considered at the AGM. An AGM circular is distributed to all shareholders at least 21 days prior to the AGM, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. The Chairman explains the procedures for demanding and conducting a poll again at the beginning of the AGM, and (except where a poll is demanded) reveals how many proxies for and against have been received in respect of each resolution.

## 董事會 (續)

### 與股東之聯繫

董事會瞭解與股東保持良好聯繫之重要性。有關本集團之資料乃按時透過多種正式途徑向股東傳達，包括中期及年度報告、公告及通函。該等公布文件連同最新公司資料以及本集團近期發展亦於本公司網頁刊登。

股東週年大會乃董事會直接跟股東聯繫的寶貴機會。主席積極參予及親身主持股東週年大會，並於會上回應任何股東之查詢。審核委員會及薪酬委員會主席(或倘該等主席缺席，則該等委員會各自之其他成員)亦出席股東週年大會回應查詢。就股東週年大會上將進行審議之每項議題，主席將提呈個別之決議案。股東週年大會通函於股東週年大會舉行前至少二十一天發送予全體股東，該通函載列每項擬提呈決議案之詳細內容、投票程序(包括要求以投票方式進行表決之程序)及其他相關資料。主席於股東週年大會開始時會再次解釋要求以投票方式進行表決之程序，及(除要求以投票方式表決外)宣佈就每項決議案已接獲委任代表的贊成及反對之票數。

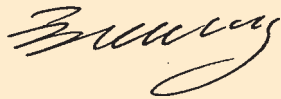
# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Corporate Governance Enhancement

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code of the Stock Exchange but about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our shareholders to promote and improve our transparency are also welcome.

On behalf of the Board



**Akihiro Nagahara**

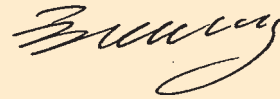
*Chairman*

Hong Kong, 23rd March, 2007

### 提升企業管治水平

提升企業管治水平並非只為應用及遵守聯交所之企業管治守則，乃為推動及建立具道德及健全的企業文化為依歸。我們將不斷檢討並按經驗、監管之變動及發展，於適當時候改善本公司現行之常規。本公司歡迎股東提供任何意見及建議以提高及促進本公司之透明度。

代表董事會



主席

長原彰弘

香港，二零零七年三月二十三日