

The Company is committed to principles of good corporate governance so as to ensure better transparency and safeguard the interests of the shareholders.

本公司致力維持良好企業管治，以確保具有更高透明度及保障股東利益。

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

遵守企業管治常規守則

The Company had applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "Code") 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") throughout the year ended 31st December, 2006. None of the Directors of the Company was aware of any information that would reasonably indicate that the Company was not any part of the accounting period covered by the 2006 annual report, in compliance with Code except for certain deviations in respect of the followings:-

截至二零零六年十二月三十一日止整個年度內，本公司已應用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（「守則」）訂明之原則，並遵守有關規定。本公司董事概不知悉有任何資料可合理指出本公司於二零零六年度年報涵蓋之會計期間內並無遵守守則，惟下述若干偏離者除外：

Under code provisions A.4.1 and A.4.2 in Appendix 14 of the Listing Rules, (a) Non-executive Directors should be appointed for specific terms and subject to re-election, and (b) every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Independent Non-executive Directors of the Company were not appointed for any specific terms, as they are subject to retirement by rotation at the Company's annual general meeting in accordance with the Company's Bye-laws. Under the Company's Bye-laws prior to 1st June, 2006, the Chairman or Managing Director of the Company should not, whilst holding such office, be subject to retirement by rotation. Under the Company's Bye-laws as amended at 1st June, 2006, at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed by the Board either to fill a causal vacancy or as an addition to the existing board shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

根據上市規則附錄14第A.4.1及A.4.2條守則條文，(a)非執行董事須按特定任期委任及須膺選連任，及(b)每名董事（包括以特定任期委任者）須最少每三年輪席告退一次。而本公司獨立非執行董事並非按任何特定任期委任，則須根據本公司之公司細則於本公司股東週年大會上輪席告退。根據本公司之公司細則，於二零零六年六月一日前，本公司主席或董事總經理於在任時不須輪席告退。根據本公司於二零零六年六月一日經修訂後之公司細則，每屆股東週年大會上，本公司當時三分之一董事（或倘彼等之人數並非三之倍數，則以數目最接近但不多於三分之一）須輪席告退，惟每名董事（包括按特定任期委任者）須最少每三年輪席告退一次。任何由董事會委任以填補臨時空缺或為新增董事人數之董事不會計入釐定須予輪席退任之特定董事或董事之人數。

COMPLIANCE WITH THE MODEL CODE

遵守標準守則

The Company has adopted Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions. The Company had made specific enquiries of all Directors whether the Directors had complied with the required standard as set out in their Model Code during the year ended 31st December, 2006 and all Directors confirmed that they had complied with the Model Code throughout the year.

本公司已採納上市規則附錄10所載之標準守則作為進行證券交易之行為守則。本公司已就於截至二零零六年十二月三十一日止年度內董事是否遵守標準守則所訂之所需標準而向全體董事作出特別諮詢，而全體董事並已確認彼等於整個年度已遵守標準守則。

BOARD OF DIRECTORS

The Board comprises Mr. Lau, Ming-wai, Mr. Kong, Chi-ming and Mr. Leung, Wing-pong, as Executive Directors and Mr. Leung, Yun-fai, Mr. Lam, Yat-fai and Dr. David Chain, Chi-woo as Independent Non-executive Directors.

Director		No of Board Meetings Held during the year 本年度董事會會議舉行次數	Attendance Rate 出席率
Executive Directors			
Ms. Halina Hung, Shi-wei (Chairman) (appointed on 11th August, 2006)	執行董事 熊思慧女士(主席) (於二零零六年八月十一日獲委任)	1/2	50%
Mr. Leung, Wing-pong (Chief Executive Officer)	梁榮邦先生(行政總裁)	6/7	86%
Mr. Kong, Chi-ming (Deputy Chairman)	江志明先生(副主席)	7/7	100%
Mr. Aaron Tam, Chong-cheong (Chairman) (resigned on 11th August, 2006)	譚頌翔先生(主席) (於二零零六年八月十一日辭任)	4/4	100%
Independent Non-executive Directors			
Mr. Leung, Yun-fai	獨立非執行董事 梁潤輝先生	5/7	71%
Mr. Lam, Yat-fai	林日輝先生	7/7	100%
Dr. David Chain, Chi-woo	錢其武醫生	7/7	100%
Average Attendance Rate	平均出席率		90.2%

The Board formulates overall strategy of the Group, monitors its financial performance and maintains effective oversight over the management. The Board meets regularly to conduct and approves transactions which are extraordinary and significant to the Group as a whole. The Board has delegated daily operations and administration to the management in order to smooth the operation of the Group. Transactions which are in significant amounts or need the instructions of the Board would be referred back to the Board to consider.

During the year, 7 board meetings had been held. The Company Secretary had duly sent to the Directors notice of meeting at least 14 days before the meetings so that they could include matters for discussion in the agenda if needed. The agenda and the Board papers were sent to all Directors at least 3 days before the date of board meeting. Draft and final versions of minutes of the board meeting were circulated to all Directors for their comments and records respectively.

董事會

董事會由執行董事劉鳴煒先生、江志明先生及梁榮邦先生以及獨立非執行董事梁潤輝先生、林日輝先生及錢其武醫生組成。

董事會制定本集團整體策略，監控其財務表現，並保持對管理層之有效監督。董事會定期舉行會議，以進行及批准對本集團整體而言屬非經常及重大之交易。董事會將日常運作及行政事務交託予管理層，確保本集團運作暢順。金額龐大或須待董事會指示之交易會交還董事會考慮。

本年度，本公司曾7次舉行董事會會議。公司秘書於會議舉行最少14日前向董事正式發出會議通知，以便董事可按需要將須予討論事宜納入議程。議程及董事會文件會於董事會會議舉行日期最少3日前送交所有董事。董事會會議之會議紀錄草稿及最終定稿分別由所有董事傳閱以提供意見及備存。

BOARD OF DIRECTORS (cont'd)

In order to reinforce independence, accountability and responsibility, the role of the Chairman has separated from that of the Chief Executive Officer. The responsibilities are clearly established and set out in writing. During the year, the Chairman, Mr. Aaron Tam, Chong-cheong, resigned on 11th August, 2006, and Ms. Halina Hung, Shi-wei, appointed on 11th August, 2006, were responsible for ensuring that the Board was functioning properly, whilst the Chief Executive Officer, Mr. Leung, Wing-pong, was responsible for the managing the Group's business. There were no financial, business, family or other material/relevant relationships among members of the Board and between the chairman and the chief executive officer.

The Independent Non-executive Directors who possess appropriate professional qualifications serve the important function of advising the management on strategy development and ensuring that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole.

The Board had received from the Independent Non-executive Directors a written annual confirmation of their independence and satisfied their independence in accordance with the Listing Rules. The Independent Non-executive Directors were not appointed for any specific term as they would be subject to retirement by rotation in accordance with clause 87(1) of the Company's Bye-laws.

REMUNERATION COMMITTEE

Members	成員	No of	Attendance Rate
		Meetings Held	
		during the year	
		本年度會議舉行次數	出席率
Mr. Leung, Yun-fai (Chairman)	梁潤輝先生(主席)	1	100%
Mr. Lam, Yat-fai	林日輝先生	1	100%
Dr. David Chain, Chi-woo	錢其武醫生	1	100%
Average Attendance Rate	平均出席率		100%

The Remuneration Committee whose members, composes all Independent Non-executive Directors, is appointed by the Board to review and endorse remuneration policies of the Directors and the Senior Management in the light of current trends and business requirements, and to make recommendations to the Board as deemed necessary or to take approved action if within delegated authority.

董事會(續)

為加強獨立性、問責性及職能，主席之角色與行政總裁之角色已作區分。彼等之職能已清楚劃分並以書面列明。本年度，主席譚頌翔先生（於二零零六年八月十一日辭任）及熊思慧女士（於二零零六年八月十一日獲委任）負責確保董事會適當地履行其職能；而行政總裁梁榮邦先生則負責管理本集團之業務。董事會各成員間以及主席與行政總裁之間並無財政、業務、血緣或其他重大／相關關係。

各獨立非執行董事均擁有合適之專業資格，以負責其職能；就策略性發展向管理層提供意見，並確保董事會維持財務及其他法定報告方面之良好準則；以及進行足夠監察及平衡工作，保障股東及本公司之整體利益。

董事會已收到各獨立非執行董事就其獨立性年度書面確認函件，彼等並符合上市規則之獨立性規定。獨立非執行董事並非按任何特定任期委任，而須根據本公司之公司細則第87(1)條輪席告退。

薪酬委員會

薪酬委員會之成員由所有獨立非執行董事組成，並由董事會委任，而負責因應現行趨勢及業務需求檢討亦批准董事及高級管理層之薪酬政策，於其認為需要時向董事會作出建議，並行使其所獲賦與之權力進行經批准之行動。

REMUNERATION COMMITTEE (cont'd)

At the meeting the recent pay trend in Hong Kong was reviewed and noted as a reference for the recommendation on the remuneration policies of the Directors and the staff of the Group. Annual remuneration of HK\$10,000 and HK\$60,000 for each Executive Director and each Independent Non-executive Director respectively were recommended to the Board for approval in the annual general meeting.

The Company had adopted share option scheme on 15th February, 2002, which serves as an incentive to attract, retain and motivate talented eligible staff, including Directors. Details of the share option scheme are set out on note 26 to the financial statements.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for the preparation of accounts which give a true and fair view of the state of affairs of the Group and of the profit and cash flow on a going concern basis. In preparing the accounts for the year ended 31st December, 2006, the Directors had selected suitable accounting policies and had applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, made judgments and estimates that are prudent and reasonable. Please refer to the Auditors' Report for the responsibilities of the auditors.

INTERNAL CONTROL

The Directors are responsible for the maintaining an adequate system of internal control and have to review its effectiveness regularly. The internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority, which is designed to safeguard assets from misappropriation, maintain proper accounts and ensure compliance with regulations. During the year, the Directors had conducted a preliminary review on the existing internal control system of the Company and considered that the system had effectively safeguard the assets of the Group. The Directors will continue to enhance the system to cope with the changes in business environment with reference to the recommendations of the Audit Committee.

薪酬委員會 (續)

會上，薪酬委員會檢討香港當時之薪酬趨勢，並將其定為就董事及本集團僱員之薪酬政策作出建議時之參考資料。薪酬委員會已向董事會建議，各執行董事及各獨立非執行董事之年度薪酬分別為10,000港元及60,000港元，以供於股東週年大會上批准。

本公司於二零零二年二月十五日採納一項購股權計劃，以作為吸引、挽留及鼓舞優秀合資格員工（包括董事）之獎勵。有關購股權計劃之詳情載於財務報表附註26。

問責及核數

董事負責按持續經營基準編製會計賬目，以真實及公平地反映本集團之狀況、溢利及現金流量。編製截至二零零六年十二月三十一日止年度之賬目時，董事已選用並貫徹採用合適會計政策，採納適當之香港財務報告準則及香港會計準則，以審慎及合理作出之判斷及估計。有關核數師之職責，請參閱核數師報告。

內部監控

董事負責維持有效之內部監控系統，並定期檢討其成效。內部監控系統包括組織完善、職權明確之架構，其設計目的在於保障資產免被挪用，保證賬目妥編製，並確保遵行有關規例。本年度，董事已初步檢討本公司現行內部監控系統，認為系統有效保障本集團之資產。董事將繼續提升系統質素，並參考審核委員會之建議，以應付營商環境之轉變。

AUDIT COMMITTEE

審核委員會

Members	成員	No of Meetings Held during the year 本年度會議舉行次數	Attendance Rate 出席率
Mr. Lam, Yat-fai (Chairman)	林日輝先生 (主席)	3	100%
Mr. Leung, Yun-fai	梁潤輝先生	3	100%
Dr. David Chain, Chi-woo	錢其武醫生	3	100%
Average Attendance Rate	平均出席率		100%

The Audit Committee whose members have been composed by all Independent Non-executive Directors since May 2005. The roles of the Audit Committee are mainly: (i) to review financial statements of the Group; (ii) to oversee the internal control system; (iii) to review the Company's compliance with statutory, regulatory or legal requirement and the Listing Rules; and (iv) to monitor the works of the external auditors.

The Audit Committee met three in 2006 to review or discuss with the Senior Management: (i) the financial statements of the Group for the year ended 31st December, 2005 and for the six months ended 30th June, 2006 before submitting to the Board for approval; (ii) the Listing Rules and statutory compliance; (iii) the effectiveness of internal control system; (iv) the Company's external auditors on scope of audit and audit findings during the year end audit; and (v) to the term of new external auditor.

In order to enhance the independent reporting by the external auditors, part of the meeting held on 8th March, 2006 was attended only by the Audit Committee's members and the external auditors without senior management present. No irregularities on the financial statements have been noted from the external auditors and also no management letter has been issued to the Board.

During the year of 2006, the Audit Committee has performed the following works:

- (i) reviewed the financial statements for the year ended 31st December, 2005 and for the six months ended 30th June, 2006;
- (ii) reviewed the effectiveness of the internal control system;
- (iii) reviewed the Company's compliance with the statutory, regulatory or legal requirements and the Listing Rules;
- (iv) discussed with the external auditors on scope of audit and audit findings; and
- (v) reviewed and approved the term of new external auditor.

自二零零五年五月起，審核委員會之成員由所有獨立非執行董事組成。審核委員會之職責主要為：(i)審閱本集團之財務報表；(ii)監察內部監控系統；(iii)檢討本公司有否遵守法定、規管或法律規定及上市規則；及(iv)監察外聘核數師之工作。

審核委員會於二零零六年曾三次與高級管理層舉行會議以審閱或討論：(i)在提交董事會批准前本集團於截至二零零五年十二月三十一日止年度及截至二零零六年六月三十日止六個月之財務報表；(ii)有否遵守上市規則及法定規定；(iii)內部監控系統之成效；(iv)本公司之外聘核數師本年終審核之核數範圍及所得結果；及(v)新外聘核數師之年期。

為提高外聘核數師報告之獨立性，二零零六年三月八日舉行之會議部份時間僅得審核委員會成員及外聘核數師出席，並無高級管理層與會。外聘核數師並無發現財務報表有任何不尋常之地方，故亦無向董事會發出任何管理建議書。

於二零零六年度，審核委員會已進行以下工作：

- (i) 審閱截至二零零五年十二月三十一日止年度及截至二零零六年六月三十日止六個月之財務報表；
- (ii) 檢討內部監控系統之成效；
- (iii) 檢討本公司有否遵守法定、規管或法律規定及上市規則；
- (iv) 與外聘核數師討論核數範圍及所得結果；及
- (v) 審閱及批准新外聘核數師之年期。

AUDIT COMMITTEE (cont'd)

The Audit Committee is satisfied with the integrity of the financial statements of the Group and considers the existing internal control systems works effectively to safeguard the assets of the Group and will review regularly with the Board to enhance the system.

DELEGATION BY THE BOARD

The Board has formulated schedule of matters delegated to the management for routine executive of business transactions. The authority limit is clearly documented and will reserve to the Board for decision when exceeded. Clear directions have been given to management where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The Board has particularly reserved for its decision matters covering major acquisitions and disposals, approval of major capital transactions and other significant operational and financial matters. These arrangements will be reviewed on a periodic basis or revised and updated when there is change of management.

COMMUNICATION WITH SHAREHOLDERS

Shareholders' Right

According to the clause 58 of the Company's Bye-laws, members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meeting of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposits of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with provision of Section 75(3) of the Companies Act 1981 of Bermuda.

Specific enquiries by the shareholders requiring the Board's attention can be in writing to the Company Secretary at the Company's business address in Hong Kong. Other general enquires can be directed to the Company through the Group's Investor Relations Manager. Please refer to the Company's website for details of contact.

審核委員會 (續)

審核委員會信納本集團財務報表屬完整可靠，認為現行內部監控系統有效保障本集團之資產，並將定期協同董事會進行檢討，提升系統質素。

董事會進行之委任事宜

董事會已就委任管理層進行日常業務交易之事宜制訂目錄。有關權限已清楚列明，而將於超出權限時則保留於董事會以作決定。於管理層代表本集團作出決策或訂立任何承諾前，管理層須向董事會匯報及取得事先批准並已獲發出清晰指引。在有關重大收購及出售、批准重大資本交易及其他重要營運及財務事宜方面，董事會特別保留其決定權。此等安排將作定期檢討，或於管理層出現變動時作出修訂及更新。

與股東之溝通

股東權利

根據本公司之公司細則第58條，股東於任何時間內均有權向董事會或公司秘書遞交請求書，要求董事會就處理請求書所述業務交易召開股東特別大會，惟股東於遞交請求書當日須持有不少於十分之一之本公司已繳足資本（於本公司股東大會上具投票權者），而該大會須於請求書遞交日期後兩個月內舉行。倘董事會於請求書遞交日期起計21日內未有召開該大會，則該等請求者可按百慕達一九八一年公司法第75(3)條之規定自行召開大會。

股東如有須董事會注意之特定查詢，可以書面列出，遞交本公司之香港營業地址予公司秘書。其他一般查詢可交由本集團之投資者關係經理轉交本公司。聯絡詳情請參閱本公司之網站。

COMMUNICATION WITH SHAREHOLDERS (cont'd)

與股東之溝通(續)

*Communications with Shareholders and Investors**與股東及投資者之溝通*

The board recognises the importance of good communications with all shareholders. The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. The Chairman of the Board as well as Chairman of the Audit and Remuneration Committee together with the external auditors is present to answer the shareholders' questions. An annual general meeting circular is distributed to all shareholders at least 21 days before the annual general meeting. It sets out the procedures for demanding and conducting a poll and other relevant information of the proposed resolutions. The Chairman explains the procedures for demanding and conducting a poll again at the beginning of the annual general meeting and (except where a poll is demanded) reveals how many proxies for and against have been filed in respect of each resolution. The results of the poll, if any, will be published in the newspapers and on the Company's website.

董事會認為與全體股東保持良好溝通極為重要。本公司之股東週年大會乃董事會與股東直接溝通之重要渠道。董事會主席以及審核及薪酬委員會主席連同外聘核數師均會出席，解答股東之疑問。本公司會於舉行股東週年大會前最少21日向全體股東分發股東週年大會通函。當中載有要求進行表決及進行表決之程序，以及與提呈大會之決議案有關之其他資料。主席於股東週年大會開始時，會解釋要求進行表決及進行表決程序，並（除要求以投票方式表決外）宣佈就每項決議案已接獲受委代表之贊成及反對票數。表決結果（如有）將於報章及本公司網站刊載。

The corporate website as another channel to further promote effective communication is maintained to disseminate shareholder information and other relevant financial and non-financial information electronically on a timely basis.

本公司之網站為進一步促進有效溝通之另一渠道，適時以電子方式提供股東資料及其他有關財務及非財務資料。

CONCLUSION

總結

The company believes enhancing corporate governance is essential to promote and develop an ethical and healthy corporate culture. The Company is continuously trying its best to maintain, strengthen and improve the current practices on the basis of our experience, regulatory changes and developments.

本公司相信提升企業管治水平乃推動及發展道德及健康企業文化之要素。根據本公司之經驗、規例變動及發展，本公司將繼續盡力維持、加強及改善現有守則。