

The Directors believe that good corporate governance practices serve as an effective risk management for the Company and hence, the shareholders of the Company will benefit from the high standard of corporate governance.

The Company has adopted 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 (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and complied with the CG Code throughout the review period.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Listing Rules. The Company has made specific enquiries to all Directors who have confirmed that, during the Year, they have complied with the required standard set out in the Model Code.

### THE BOARD

As at 31 December 2006, the Board consists of 14 directors including 8 executive directors, 1 non-executive director and 5 independent non-executive directors (“INEDs”). Names and biographical details of the Directors are set out under the section headed “Directors and Senior Management” on pages 17 to 22.

董事相信，良好的企業管治常規對本公司來說即有效之風險管理。因此，本公司之股東將受惠於高水平之企業管治。

本公司在有關期間內已採納並遵守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」）之守則條文。

本公司已採納上市規則附錄10所載之上市公司董事進行證券交易的標準守則（「標準守則」）。本公司在進行具體查詢後，全體董事均確認於本年度內，彼等已遵守標準守則所列明之規定標準。

### 董事會

於二零零六年十二月三十一日，董事會由十四名董事組成，包括八位執行董事、一位非執行董事及五位獨立非執行董事（「獨立非執行董事」）。董事姓名及其簡介載於第17至22頁之「董事及高級管理層」一節內。

# Corporate Governance Report

## 企業管治報告

During the Year, the Board held four meetings. Attendance of each director at the Board meetings held in 2006 is set out below:

於本年度，董事會舉行了四次會議。各董事於二零零六年舉行之董事會會議之出席率列載如下：

Directors		Meetings Attended/Held
董事		出席會議次數／會議舉行次數
<i>Executive Directors:</i>		
執行董事：		
Ho Tsu Kwok, Charles ( <i>Chairman</i> )	何柱國 (主席)	4/4
Lo Wing Hung ( <i>Chief Executive Officer</i> )	盧永雄 (行政總裁)	4/4
Judy Inn (appointed on 19 April 2006)	邢珠迪 (於二零零六年四月十九日獲委任)	3/3
Jia Hongping	賈紅平	0/4
Jim Sui Hing (retired on 17 May 2006)	詹瑞慶 (於二零零六年五月十七日退任)	1/1
Lai Ting Yiu	黎廷瑤	4/4
Lau Chung Man, Louis	劉仲文	4/4
Sy Wong Chor Fong	施黃楚芳	3/4
Yang Yiu Chong, Ronald Jeffrey	楊耀宗	4/4
<i>Non-Executive Director:</i>		
非執行董事：		
Leung Chun Ying	梁振英	3/4
<i>Independent Non-Executive Directors:</i>		
獨立非執行董事：		
Timothy David Dattels	Timothy David Dattels	2/4
Ho Chiu King, Pansy Catilina	何超瓊	1/4
King Richard Yun Zing	金元成	4/4
Lee Cho Jat	李祖澤	4/4
Tung Chee Chen	董建成	3/4

The Board is responsible for leadership and control of the Company. The Board reviews and approves the objectives, strategies, direction and policies of the Group, the annual budget and the management structure of the Company. The Board also reviews the Group's performance in light of the Group's objectives, business plans and budgets.

董事會肩負領導及監控本公司的責任，董事會檢討及批准本集團之目標、策略、方向及政策，以及本公司之年度預算及管理架構。董事會並會根據本集團之目標、業務計畫及預算，從而檢討本集團之表現。

The Board has delegated the responsibility of the day-to-day operations of the Group to the management of the Company.

董事會將本集團之日常業務工作委派予本公司之管理層負責。

The Chairman of the Board is Mr. Ho Tsu Kwok, Charles and the Chief Executive Officer ("CEO") of the Group is Mr. Lo Wing Hung. The roles of the Chairman and the CEO were segregated. The Chairman is primarily responsible for the management and effective performance of the Board. The CEO is primarily responsible for the day-to-day management of the business of the Group.

董事會主席為何柱國先生，本集團行政總裁則為盧永雄先生。主席和行政總裁的身份分開，主席主要負責管理及有效地運作董事會，行政總裁則主要負責本集團業務的日常管理。

All non-executive directors were appointed for a fixed term ending on 31 December 2008 with renewal option subject to retirement and re-election by rotation under the bye-laws of the Company.

### REMUNERATION COMMITTEE

The Board has established a remuneration committee and its principal roles and functions are:

- (i) to make recommendations to the Board on the Company's policy and structure of remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (ii) to have the delegated responsibilities to determine the specific remuneration packages of executive directors and senior management; and
- (iii) to review and approve performance based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee comprised 3 members and a majority of the members are INEDs. Attendance of each member at the Remuneration Committee meeting held in 2006 is set out below:

#### Members

#### 委員

		Meetings Attended/Held 出席會議次數／會議舉行次數
Ho Chiu King, Pansy Catilina ( <i>Chairperson</i> )	何超瓊 (主席)	1/1
King Richard Yun Zing	金元成	1/1
Lo Wing Hung	盧永雄	1/1

The Remuneration Committee has reviewed the performance of some of the Directors for the Year and adjusted the relevant remuneration package. The Remuneration Committee also approved the discretionary bonus for the Directors based on their performances. The emoluments of each of the Directors are set out in this annual report on pages 95 to 96.

所有非執行董事之任期均為固定任期，並將於二零零八年十二月三十一日終止，任期屆滿後，可選擇連任，惟須根據本公司之公司細則輪值告退及重選。

### 薪酬委員會

董事會已成立薪酬委員會，其主要角色及職能如下：

- (i) 就本公司之董事及高級管理層之薪酬政策及架構，以及為制訂該等薪酬政策建立正規及具透明度之程序，向董事會提出建議；
- (ii) 獲授權負責釐定執行董事及高級管理層的特定薪酬待遇；及
- (iii) 參考董事會不時議決之企業目標及目的，檢討及批准按表現調整之薪酬。

薪酬委員會由三名委員組成，大部分委員均為獨立非執行董事。各委員於二零零六年舉行之薪酬委員會會議之出席率列載如下：

薪酬委員會已於本年度檢討部分董事之表現，並調整有關薪酬待遇。薪酬委員會亦已按董事之表現批准彼等之酌情花紅。各董事之酬金乃列載於本年報第95至96頁。

# Corporate Governance Report

## 企業管治報告

### NOMINATION OF DIRECTORS

The Directors are responsible for selecting and recommending candidates for directorship. They identify individuals suitably qualified in terms of skill, knowledge and experience to become members of the Board, taking into account of the then existing composition of the Board in terms of skill, knowledge and experience and make recommendation to the Board for approval.

During the Year, an experienced and high calibre individual has been nominated and appointed as a member of the Board in accordance with the process and criteria mentioned above.

### AUDIT COMMITTEE

The Board has established an audit committee and its principal roles and functions are:

- (i) to make recommendation to the Board on the appointment, reappointment and removal of external auditors and to review and monitor their independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- (ii) to oversee the Group's relation with the external auditors;
- (iii) to review the financial information of the Group including monitoring the integrity of the Group's financial statements, annual reports and accounts, and half-year report, etc. and reviewing significant financial reporting judgments contained therein; and
- (iv) to oversee the Group's financial reporting system and internal control procedures.

### 董事提名

董事負責挑選及推薦董事候選人，依據技能、知識及經驗以確認個別人士是否合資格成為董事會成員，並按技能、知識及經驗來考慮當時之董事會現有組成情況，向董事會提出建議並待其批准。

於本年度，一名富經驗及具才幹的人士按上述之程序及條件獲提名及委任為董事會成員。

### 審核委員會

董事會已成立審核委員會，其主要角色及職能如下：

- (i) 就外聘核數師的委任、重新委任及罷免向董事會提供建議，及按適用的標準檢討及監察外聘核數師是否獨立客觀及核數程序是否有效；
- (ii) 監督本集團與外聘核數師之關係；
- (iii) 審閱本集團之財務資料，包括監察本集團之財務報表、年報和賬目及半年度報告等之完整性，並審閱其中之重要財務申報的判斷；及
- (iv) 監督本集團財務申報系統及內部監控程序。

# Corporate Governance Report

## 企業管治報告

The Audit Committee comprised 3 members and all of them are INEDs. Attendance of each member at the Audit Committee meetings held in 2006 is set out below:

審核委員會由三名委員組成，三名委員均為獨立非執行董事。各委員於二零零六年舉行之審核委員會會議之出席率列載如下：

<b>Members</b>		<b>Meetings Attended/Held</b>
<b>委員</b>		<b>出席會議次數／會議舉行次數</b>
King Richard Yun Zing ( <i>Chairman</i> )	金元成 (主席)	2/2
Ho Chiu King, Pansy Catilina	何超瓊	0/2
Lee Cho Jat	李祖澤	2/2

The following is a summary of the work performed by the Audit Committee during the Year:

以下為於本年度審核委員會之工作概要：

- Reviewed the audited accounts for the year ended 31 December 2005;
  - Reviewed the interim report for the six months ended 30 June 2006; and
  - Reviewed the internal audit reports including the review and evaluation of internal controls.
- 審閱截至二零零五年十二月三十一日止年度之經審核賬目；
  - 審閱截至二零零六年六月三十日止六個月之中期業績報告；及
  - 審閱內部審核報告，包括對內部監控作出檢討及評核。

### AUDITORS' REMUNERATION

### 核數師酬金

During the Year, the remuneration payable to the Group's external auditors, Messrs. Ernst & Young, is set out below:

於本年度，應付予本集團之外聘核數師安永會計師事務所之酬金列載如下：

<b>Services rendered</b>		<b>Fee payable</b>
<b>提供之服務</b>		<b>應付費用</b>
		<i>HK\$'000</i>
		千港元
Audit services	審計服務	3,882
Non-audit services	非審計服務	237
<b>Total</b>	<b>合計</b>	<b>4,119</b>

# Corporate Governance Report

## 企業管治報告

### ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting balanced and clear interim and annual financial statements, other price-sensitive announcements and other financial statements disclosures. The reporting responsibilities of the external auditors are set out in this annual report on pages 37 to 38.

The Board is responsible for the system of internal control of the Group and reviews the effectiveness of the system of internal control through the Audit Committee. The Internal Audit Department independently reviewed the major operating and financial control of the Group on an on-going basis and covered all major operations of the Group on a rotational basis. The Internal Audit Department reported twice each year to the Audit Committee and the Directors on significant findings on internal controls with copies of such reports to the external auditors for their reference.

### 責任承擔及核數

董事確認就每年財政年度編製財務報表為其職責，該等財務報表須真實與公允地反映本集團之財務狀況，以及提呈平衡及清晰之中期及年度財務報表、其他對股價敏感而刊登之公告及其他財務報表之披露。外聘核數師之申報職責乃載述於本年報第37至38頁內。

董事會須就本集團內部監控制度負責，並透過審核委員會檢討內部監控制度之成效。內部審核部門持續獨立檢討本集團之主要營運及財務監控，並以循環方式涵蓋本集團所有主要營運業務。內部審核部門就內部監控之重要發現每年向審核委員會及董事報告兩次，及將有關報告副本交予外聘核數師以作參考。