

Corporate Governance Report 企業管治報告

The Board of Directors of the Company (the “Board”) is committed to maintaining good corporate governance standard and procedures which emphasize a quality management, and transparency and accountability to all shareholders.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the year 2006 except that:

- (a) in contrast to the Code Provisions A.4.1 and A.4.2 of the Code, the non-executive Directors (whether independent or not) of the Company are not appointed for a specific term and the Articles of Association of the Company do not prescribe to have the Directors of the Company retired by rotation at least once every three years, nevertheless, one-third (or the nearest number to but not exceeding one-third) of all the Directors of the Company for the time being shall retire by rotation at the Company’s annual general meetings and shall be eligible for re-election in accordance with the Articles of Association of the Company; and
- (b) the Company has not set up a remuneration committee pursuant to the Code Provision B.1.1 of the Code as only one executive Director and all independent non-executive Directors of the Company are entitled to salary and fee respectively. The Board is responsible for reviewing and evaluating the emoluments of the said Directors and those Directors or any of their associates have not been involved in deciding their own emoluments.

THE BOARD

The Board is currently composed of nine members, including five executive Directors, Mr Liu Xiaolong (Chairman), Madam Hsu Feng, Mr Lu Yihao, Mr Tong Albert and Madam Xu Mei; one non-executive Director, Mr Sung Tze-Chun; and three independent non-executive Directors, Mr Liang Jung-chi, Ms Hou Chun and Mr Zhang Hong Bin. Biographical details of the Directors and relevant relationships among them together with their respective roles in the Board and its committees are set out in the Profile of the Directors and Officers on pages 20 to 22.

本公司董事局(「董事局」)致力堅持以強調優質管理及對所有股東保持透明度和問責性的良好企業管治水平和程序。

企業管治常規

本公司在二零零六年度內已採納香港聯合交易所有限公司《證券上市規則》(「《上市規則》」)附錄十四所載之《企業管治常規守則》(「該《守則》」)內之原則並遵守有關守則條文，惟下文所述者除外：

- (a) 與該《守則》之守則條文第A.4.1及第A.4.2條不符之處為本公司之非執行董事(不論獨立與否)均無指定任期，而本公司之《公司組織章程細則》亦沒有規定本公司之董事需至少每三年輪流退任一次，惟根據本公司之《公司組織章程細則》之規定，在本公司當時所有在任董事中，三分之一(或最接近惟不超過三分之一)之董事須在本公司股東週年大會上輪值告退，惟可競選連任；及
- (b) 由於本公司只有一位執行董事及全部獨立非執行董事獲分別發放薪酬或袍金，而該等董事之酬金由董事局負責審核及評估，該等董事或其任何聯繫人均不得參與釐訂彼等本身之酬金，故本公司並沒有根據該《守則》之守則條文第B.1.1條之規定設立一個薪酬委員會。

董事局

董事局現由九位成員組成，包括五位執行董事，即劉小龍先生(主席)、徐楓女士、陸怡皓先生、湯子同先生及許政女士；一位非執行董事宋四君先生及三位獨立非執行董事梁榮基先生、郝君女士及章宏斌先生。有關董事的個人資料詳情和相互之間的關係，以及彼等在董事局及其轄下之委員會中的相關職責列載於第20至第22頁董事及高級行政人員簡介中。

Corporate Governance Report
企業管治報告

The independent non-executive Directors of the Company represent one-third of the Board and one of them has the professional accounting qualification as required by the Listing Rules. The Company has received from each of its independent non-executive Directors a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all of the independent non-executive Directors to be independent.

The Board has always acted in the best interests of the Company and its subsidiaries (altogether the “Group”), and the shareholders. The principal functions of the Board are to formulate strategy, to consider and approve the Group’s major corporate matters, and to monitor and control significant operational and financial matters of the Group. The independent non-executive Directors have contributed valuable independent views and proposals for the Board’s deliberation and decisions.

The Board meets regularly throughout the year. The Company Secretary assists the Chairman of the Board in setting the agenda for regular Board meetings and all Directors are consulted to include any matters in the agenda. Besides, notice of at least 14 days is given for any regular Board meeting and agenda together with accompanying board papers are given to all Directors in a timely manner before the date of meeting. Draft and final version of minutes of the meeting are circulated to the Directors for comment and record respectively within a reasonable time after each meeting. During the year 2006, four regular Board meetings were held by the Board.

The Board has established an executive committee and an audit committee (collectively the “Committees”) with clear written terms of reference to oversee particular aspects of the Company’s affairs and to assist in sharing the Board’s responsibilities. The Board, led by the Chairman, has reserved for its decision or consideration matters covering corporate strategy, annual and interim results, changes of members of the Board and the Committees, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. All the Committees have to report regularly to the Board on their decisions and recommendations. The management is responsible for implementing the strategies and plans adopted by the Board and the Committees.

The Board has agreed on a procedure to enable the Directors to seek independent professional advice in appropriate circumstances, at the Company’s expense, to assist them to discharge their duties.

董事局三分之一的成員為獨立非執行董事，而其中一位具有《上市規則》規定的會計專業資格。本公司已收到每一位獨立非執行董事根據《上市規則》第3.13條之規定就有關彼等之獨立性發出的書面確認書，並認為全體獨立非執行董事均屬獨立人士。

董事局時刻以本公司及其附屬公司（統稱「本集團」）和股東的最佳利益行事。董事局的主要功能為制訂策略、考慮和審批本集團的主要企業事項，以及監控本集團的重大營運和財務事項。獨立非執行董事為董事局之審議及決定提供了寶貴的獨立意見及建議。

董事局在年度內定期舉行會議。本公司之公司秘書協助董事局主席編製董事局定期會議的議程，而所有董事均被諮詢在議程中加入任何議題。此外，本公司在董事局定期會議舉行日期前最少十四天發出通知，並在會議舉行前適時向所有董事提供相關的議程及董事局文件。在每次會議結束後之合理時段內，該會議之會議記錄初稿及最後定稿均分別發送予董事以徵求意見及作為紀錄。在二零零六年度內，董事局共舉行了四次董事局定期會議。

董事局已成立了一個執行委員會及一個審核委員會（統稱「委員會」），委員會已具有由書面訂明的清晰職權範圍以監察本公司特定範疇之事務，以及協助及分擔董事局之職責。由主席領導的董事局已保留其有關企業策略、年度和中期業績、董事局及委員會的成員變動、主要收購、出售和資本交易，以及其他重大營運和財務事項方面的決策或考慮該等事項的權力。所有委員會須定期向董事局匯報其決策及建議。管理層須負責落實董事局及委員會所採納的策略和計劃。

董事局已協定一個有關董事可在適當情況下尋求獨立專業意見的程序，以協助彼等履行其職責，有關費用由本公司承擔。

Corporate Governance Report 企業管治報告

All Directors are kept informed on a timely basis of major changes that may affect the Group's business, including relevant rules and regulations.

The Company has arranged appropriate liability insurance to indemnify its Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

Executive Committee

The Company did not appoint any chief executive officer but the Board has established an executive committee (the "Executive Committee"), of which the Chairman of the Board, Mr Liu Xiaolong, is not a member, and adopted terms of reference for the Chairman and the Executive Committee in writing since August 2005. There is a segregation of duties between the Chairman's responsibility for leadership and management of the Board and the responsibility of the Executive Committee to deal with the day-to-day management of the Company's business.

The Executive Committee is composed of four executive Directors of the Company namely, Madam Hsu Feng, Mr Lu Yihao, Mr Tong Albert and Madam Xu Mei. Madam Hsu Feng is the chairman of the Executive Committee.

Audit Committee

An audit committee (the "Audit Committee") was established in April 1999 by the Board with written terms of reference which have been modified to align with the Code Provision C.3.3 of the Code. The Audit Committee is composed of all the independent non-executive Directors of the Company, namely Mr Liang Jung-chi, Ms Hou Chun and Mr Zhang Hong Bin. Mr Zhang Hong Bin who possesses an appropriate professional accounting qualification as required by the Listing Rules is the chairman of the Audit Committee.

Under its terms of reference, the Audit Committee is required to review the accounting policies and practices adopted by the Group, to monitor integrity of the financial statements of the Company, to evaluate the overall effectiveness of the internal control and risk management frameworks of the Group and to oversee the relationship with the Company's auditors.

所有董事會適時獲知可能影響本集團業務之重大改變，其中包括相關法則及規例之修訂。

本公司已就彌償其董事因企業活動中所產生的責任安排適當的責任保險。保險之保障範圍每年將予以檢討。

執行委員會

本公司並無委任任何行政總裁，惟董事局已設立一個執行委員會（「執行委員會」），而董事局主席劉小龍先生並非其成員。自二零零五年八月，董事局已以書面訂明主席及執行委員會之職權範圍。主席和執行委員會之職責已清楚區分，主席乃負責領導及管理董事局，而執行委員會則負責管理本公司之日常業務運作。

執行委員會由本公司四名執行董事，即徐楓女士、陸怡皓先生、湯子同先生及許玫女士組成。徐楓女士為執行委員會的主席。

審核委員會

董事局於一九九九年四月成立了一個審核委員會（「審核委員會」），其以書面訂明之職權範圍已作出修訂，以符合該《守則》之守則條文第C.3.3條之規定。審核委員會由本公司所有獨立非執行董事，即梁榮基先生、郝君女士及章宏斌先生組成。擁有按《上市規則》所規定之適當會計專業資格的章宏斌先生為審核委員會主席。

根據審核委員會的職權範圍書，該審核委員會須檢討本集團採用的會計政策和常規，監控本公司財務報表的完整性，評估本集團內部監控和風險管理框架的整體效益，以及監察與本公司核數師的關係。

Corporate Governance Report 企業管治報告

During the year 2006, the Audit Committee has met three times to discharge its duties by reviewing the interim and annual financial statements as well as the audit matters of the Group, and the internal control system of the Group.

Attendance Records at Meetings of the Board and the Committees

The attendance of the individual Directors at the regular meetings of the Board and the meetings of the Committees held during the year ended 31st December, 2006 is set out below:

在二零零六年度內，審核委員會已舉行三次會議，以履行其職責審閱本集團的中期和年度財務報表及審核事宜，以及本集團的內部監控制度。

董事局及委員會會議的出席記錄

個別董事於截至二零零六年十二月三十一日止年度內舉行之董事局定期會議及委員會會議之出席率列載如下：

	Number of meetings attended / held 已出席／舉行的會議數目		
		Executive Board 董事局	Audit Committee 審核委員會
		Committee 執行委員會	
Executive Directors	執行董事		
Mr Liu Xiaolong (Chairman of the Board)	劉小龍先生 (董事局主席)	4/4	N/A 不適用
Madam Hsu Feng (Chairman of Executive Committee)	徐楓女士 (執行委員會主席)	4/4	1/1 N/A 不適用
Mr Lu Yihao	陸怡皓先生	4/4	1/1 N/A 不適用
Mr Tong Albert	湯子同先生	4/4	1/1 N/A 不適用
Madam Xu Mei	許玫女士	4/4	1/1 N/A 不適用
Mr Tung Ming-Hsun (resigned on 23rd January, 2006)	董明遜先生 (於二零零六年 一月二十三日辭任)	N/A 不適用	N/A 不適用
Non-Executive Director	非執行董事		
Mr Sung Tze-Chun (appointed on 23rd January, 2006)	宋四君先生 (於二零零六年 一月二十三日獲委任)	4/4	N/A 不適用
Independent Non-Executive Directors	獨立非執行董事		
Mr Liang Jung-chi	梁榮基先生	4/4	N/A 不適用
Ms Hou Chun	郝君女士	4/4	N/A 不適用
Mr Zhang Hong Bin (Chairman of Audit Committee)	章宏斌先生 (審核委員會主席)	4/4	N/A 不適用
			3/3
			3/3
			3/3

Corporate Governance Report 企業管治報告

Appointment and Re-election of Directors

According to the Articles of Association of the Company, new Directors could be elected by the Company or appointed by the Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting and one-third (or the nearest number to but not exceeding one-third) of all the Directors of the Company for the time being shall retire by rotation at the Company's annual general meetings. The retiring Directors shall be eligible for re-election. The Company has not set up a nomination committee pursuant to recommended best practices of the Code and the Board is responsible for reviewing its own structure, size and composition (including the skills, knowledge and experience of its members), and assessing the independence of the independent non-executive Directors. The Board also considers any appointment of its own members and nomination of those members for re-election by the shareholders on the general meeting following their appointments.

Every newly appointed Director will be given a comprehensive orientation package, including latest information of the Group, induction into their responsibilities and duties and other related regulatory requirements.

During 2006, a board meeting with attendance of a majority of the then Directors, namely Mr Liu Xiaolong, Madam Hsu Feng, Mr Lu Yihao, Mr Tong Albert, Madam Xu Mei, Mr Liang Jung-chi, Ms Hou Chun and Mr Zhang Hong Bin, was held to discuss and approve an appointment of a Director. The Board has also considered, at a regular board meeting held in 2006 which was attended by full Board as disclosed above, nomination of two Directors appointed by the Board for re-election at annual general meeting of the Company.

Remuneration of Directors

As disclosed above, no remuneration committee was set up. The Board has reviewed the remuneration policy of the Company and discussed the emoluments payable to one executive Director and three independent non-executive Directors of the Company at two regular meetings of the Board held in 2006 which were attended by full Board as disclosed above, with interested Directors abstained from voting on the relevant resolutions.

董事之委任和重選

根據本公司之《公司組織章程細則》之規定，新董事可由本公司推選或由董事局委任。任何由董事局委任之董事，其任期將直至下一屆股東週年大會時屆滿，及本公司當時所有在任董事中，三分之一（或最接近惟不超過三分之一）之董事須在本公司股東週年大會上輪值告退。退任董事可競選連任。本公司並沒有按照該《守則》的建議最佳常規設立提名委員會。董事局負責檢討其成員之架構、人數和組成（包括其成員之技能、知識和經驗方面），以及評估獨立非執行董事的獨立性。董事局亦考慮其任何成員的委任事宜，並在彼等獲委任後，考慮於股東大會上向股東提名重選彼等為董事。

每名新委任的董事將獲分發一套內容全面的簡介文件，包括本集團的最新資料、其責任和職權的介紹，以及其他相關的規例要求的資料。

本公司於二零零六年度內舉行了一次董事局會議，以討論及批准委任一名董事。大部份當時在任的董事，即劉小龍先生、徐楓女士、陸怡皓先生、湯子同先生、許玫女士、梁榮基先生、郝君女士及章宏斌先生均出席了該會議。董事局亦已在二零零六年度舉行之一次董事局定期會議上，考慮於本公司股東週年大會上，提名重選兩名由董事局委任之董事連任，而該董事局會議如上文所披露由全體董事局成員出席。

董事酬金

誠如上文所披露，本公司並沒有設立薪酬委員會。董事局在二零零六年度舉行之兩次董事局定期會議上，檢討本公司之薪酬政策，以及討論本公司一位執行董事及三位獨立非執行董事的酬金。如上文所披露，全體董事局成員均已出席了該等會議，而有任何利益關係之董事已就相關決議案放棄投票權。

Corporate Governance Report 企業管治報告

Emoluments payable to the Directors of the Company is determined by reference to market terms, individual responsibilities and performance. In addition, the Company has adopted a share option scheme pursuant to which options are allowed for granting to, inter alia, the Directors of the Company to subscribe for shares in the capital of the Company as a long-term incentive.

Code for Securities Transactions by Directors

The Company has adopted its own code of practice for securities transactions by the Directors and the relevant employees (the “Code of Practice”) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”).

Having made specific enquiry of all Directors of the Company, each of whom has confirmed compliance with the required standard set out in the Model Code and the Code of Practice throughout the year.

ACCOUNTABILITY AND AUDIT

Internal Control

The Board is responsible for ensuring that a proper and effective system of internal control is maintained within the Group in order to safeguard the shareholders’ investment and the Group’s assets. The Company has adopted its own codes on internal control for itself and its subsidiaries since 2005 in respect of all material controls, including financial, operational and compliance controls and risk management functions. The Board has authorized the Audit Committee to review the effectiveness of the Group’s internal control system at least once a year and the Audit Committee held a meeting in 2006 for that purpose in accordance with the Group’s codes on internal control. The Board, through the review of the Audit Committee, is satisfied that the Group has in principle complied with the provisions on internal control for the year ended 31st December, 2006 and considers that the Group’s internal control system has implemented effectively. The codes on internal control are reviewed and modified regularly pursuant to operational requirements of the Group.

向本公司董事支付的酬金乃按市場條款、個別職責及表現而釐定。此外，本公司已採納了一項購股權計劃。據此，可向（其中包括）本公司董事授出購股權，以認購本公司股本中的股份以作為一項長期激勵措施。

董事進行證券交易的守則

本公司已就董事及相關僱員進行證券交易採納其本身的守則（「該交易守則」），而該交易守則之條文並不遜於《上市規則》附錄十所載之《上市發行人董事進行證券交易的標準守則》（「標準守則」）之規定標準。

本公司已向所有董事作出特定查詢，各董事均已確認於年度內彼等一直遵守載於《標準守則》及該交易守則內規定之標準。

問責和審核

內部監控

董事局負責確保本集團維持適當及有效的內部監控制度，以保障股東的投資和本集團資產。本公司自二零零五年起為本公司及其附屬公司就所有重大的監控措施（包括財務、業務運作和合規監控措施，以及風險管理工作）採納了其本身的內部監控守則。董事局已授權審核委員會每年最少檢討一次本集團之內部監控制度的有效性。審核委員會於二零零六年內就該目的根據本集團之內部監控守則舉行了一次會議。經過審核委員會檢討後，董事局確信本集團於截至二零零六年十二月三十一日止年度已原則上符合內部監控條文之規定，並認為本集團的內部監控制度已有效實施。內部監控守則按本集團的業務運作需要定期檢討及修訂。

Corporate Governance Report 企業管治報告

Directors' and Auditors' Responsibilities for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group as at the period end and of the results and cash flows of the Group for that period. In preparing the financial statements for the year ended 31st December, 2006, the Directors have selected appropriate accounting policies and applied them consistently; have made judgments and estimates that were prudent and reasonable; and have prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

The responsibilities of the auditors to the shareholders are to form an independent opinion, based on the audit, on those financial statements and their opinion on the consolidated financial statements of the Group for the year ended 31st December, 2006 is set out in the report of independent Auditors on pages 36 and 37.

Auditors' Remuneration

The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the Auditors for the year ended 31st December, 2006 amounted to HK\$874,000 and HK\$60,500 respectively. The non-audit services provided during the year were taxation services.

董事和核數師對財務報表的責任

本公司董事負責編製每個財務期間的財務報表，而該等報表須公平與真實地反映本集團期末的財務狀況和該期間的本集團業績和現金流量。在編製截至二零零六年十二月三十一日止年度的財務報表時，董事已貫徹選擇及採用合適的會計政策；已作出審慎和合理的判斷和估計；並已按照持續經營的基準編製財務報表。董事負責妥善保存會計記錄，以合理準確地披露本集團於任何時間的財務狀況。

核數師對股東的責任是根據審核工作的結果，對該等財務報表發表獨立的意見，而彼等對本集團截至二零零六年十二月三十一日止年度綜合財務報表的意見載於第36及第37頁的獨立核數師報告書中。

核數師的酬金

於截至二零零六年十二月三十一日止年度，就核數師向本公司及其附屬公司提供的審核和非審核服務需支付之費用分別為874,000港元和60,500港元。年度內提供的非審核服務乃稅務服務。