

CORPORATE GOVERNANCE PRACTICES

The Company has established a formal and transparent procedure to protect the interests of the shareholders of the Company. The Company regularly reviews the corporate governance procedures and developments of the Company. The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the period under review, except that:

Under the code provision A.2.1, the roles of chairman and chief executive officer (“**CEO**”) of the Company should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. The roles of the chairman and the CEO of the Company are not separated and are performed by the same individual, Mr. Tong Shek Lun. The Directors will meet regularly to consider major matters affecting the operations of the Company. The Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Company and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2006.

企業管治常規

本公司已設立正式並具透明度之程序以保障本公司股東之利益。本公司定期檢討本公司之企業管治程序及發展。於回顧期間，本公司已應用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所載企業管治常規守則所列之原則並遵守所有守則條文，惟以下者除外：

根據守則條文A.2.1，本公司主席與（「**行政總裁**」）之角色應有區分，並不應由一人同時兼任。本公司主席與行政總裁之間職責之分工應清楚界定並以書面列載。本公司之主席與行政總裁之角色並無區分，乃由唐錫麟先生一人兼任。董事將定期會面以考慮影響本公司營運之重大事項。董事認為此組織結構將不會損害董事與本公司管理層之間的權力及職權平衡，並相信此組織結構將可令本集團迅速及有效率地作出和落實決定。

董事之證券交易

本公司已採納條款不遜於上市規則附錄10所載交易規定標準之董事進行證券交易之行為守則。經向全體董事作出特定查詢後，各董事於截至二零零六年十二月三十一日止年度已一直遵守該等行為守則及交易標準以及其董事進行證券交易之行為守則。

Corporate Governance Report 企業管治報告書

BOARD OF DIRECTORS

During the year under review, the members of the board of Directors included:

Executive Directors

Mr. Tong Shek Lun
Ms. Ko Lai King, Kinny
Ms. Chung Wai Yu, Regina
Mr. Li Ka Fai, Fred
(retired on 30 May 2006)

Non-executive Directors

Mr. Lee Kwok Leung
Mr. Yang Yiu Chong, Ronald Jeffrey

Independent non-executive Directors

Mr. Sun Yaoquan
Mr. Goh Gen Cheung
Mr. Chan Ho Man

董事會

於回顧年度，董事會成員包括：

執行董事

唐錫麟先生
高麗瓊女士
鍾惠愉女士
李嘉輝先生
(於二零零六年五月三十日退任)

非執行董事

李國樑先生
楊耀宗先生

獨立非執行董事

孫耀全先生
葛根祥先生
陳浩文先生

The board of Directors held several board meetings during the year until the date of this report. Details of the attendance of the meetings of the board of Directors are as follows:-

本年度直至本報告日期，董事會舉行多次全體董事會會議。董事會之會議出席詳情如下：

Directors	董事	Attendance 出席次數
Executive Directors		
Mr. Tong Shek Lun	唐錫麟先生	7/8
Ms. Ko Lai King, Kinny	高麗瓊女士	8/8
Ms. Chung Wai Yu, Regina	鍾惠愉女士	8/8
Mr. Li Ka Fai, Fred <i>(retired on 30 May 2006)</i>	李嘉輝先生 <i>(於二零零六年五月三十日退任)</i>	5/5
Non-executive Directors		
Mr. Lee Kwok Leung	李國樑先生	2/8
Mr. Yang Yiu Chong, Ronald Jeffrey	楊耀宗先生	6/8
Independent non-executive Directors		
Mr. Sun Yaoquan	孫耀全先生	7/8
Mr. Goh Gen Cheung	葛根祥先生	8/8
Mr. Chan Ho Man	陳浩文先生	8/8

Apart from the above regular board meetings of the year, the board of Directors will meet on other occasions when a board-level decision on a particular matter is required. The Directors receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting. The board of Directors has reserved for its decision or consideration matters covering corporate strategy, annual and interim results, Directors' appointment, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the board of Directors to the management include the preparation of annual and interim accounts for board approval before public reporting, execution of business

除本年度上述董事會定期會議外，董事會將於須就特定事項作出董事會層面之決定之其他情況下舉行會議。董事於每次董事會會議前取得議程項目及委員會會議記錄之詳情。董事會保留其對企業策略、全年及中期業績、董事委任、繼任計劃、風險管理、重大收購、出售及資本交易，以及其他重大營運及財務事宜之決策及審議權。董事會向管理層作出特定委託之主要企業事宜包括編製全年及中期賬目以於公開報告前供董事會批准、執行董事會採納之業務策略及新計劃、實行

Corporate Governance Report 企業管治報告書

strategies and initiatives adopted by the board of Directors, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements, rules and regulations.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision A.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. The roles of the chairman and the CEO of the Company are not separated and are performed by the same individual, Mr. Tong Shek Lun. The Directors will meet regularly to consider major matters affecting the operations of the Company. The Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Company and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

NON-EXECUTIVE DIRECTORS

Each of Mr. Lee Kwok Leung, Mr. Yang Yiu Chong, Ronald Jeffrey, Mr. Sun Yaoquan, Mr. Goh Gen Cheung and Mr. Chan Ho Man has been appointed for a term of one year commencing from 1 January 2007 to 31 December 2007. All of them are subject to retirement by rotation in accordance with the bye-laws of the Company.

充分之內部監控制度及風險管理程序，以及遵守相關法例規定、規則及規例。

主席及行政總裁

根據守則條文A.2.1，本公司主席與行政總裁之角色應有區分，並不應由一人同時兼任。本公司主席與行政總裁之間職責之分工應清楚界定並以書面列載。本公司之主席與行政總裁之角色並無區分，乃由唐錫麟先生一人兼任。董事將定期會面以考慮影響本公司營運之重大事項。董事認為此組織結構將不會損害董事與本公司管理層之間的權力及職權平衡，並相信此組織結構將可令本集團迅速及有效率地作出和落實決定。

非執行董事

李國樑先生、楊耀宗先生、孫耀全先生、葛根祥先生及陳浩文先生各自之任期由二零零七年一月一日開始，至二零零七年十二月三十一日，為期一年。彼等全部均須根據本公司之公司細則輪值告退。

REMUNERATION OF DIRECTORS

Under the code provision B.1.1, the Company should establish a remuneration committee (the “Remuneration Committee”) with specific written terms of reference which deal clearly with its authority and duties. The role and function of the Remuneration Committee include the determination of the specific remuneration packages of all executive Directors and senior management of the Company, including benefits in kind, pension rights and compensation payments, such as any compensation payable for loss or termination of their office or appointment, and make recommendations to the board of the remuneration of non-executive Directors.

During the year till the date of this report, members of the Remuneration Committee included:

Mr. Tong Shek Lun (Chairman)
Mr. Goh Gen Cheung
Mr. Chan Ho Man

The meetings of the Remuneration Committee were held on 19 April 2006 and 17 April 2007 to discuss remuneration related matters. Details of the attendance of the meetings of the Remuneration Committee are as follows:-

董事之薪酬

根據守則條文B.1.1，本公司應設立具有明確成文權責範圍之薪酬委員會（「薪酬委員會」）；有關權責範圍應清楚說明委員會之權限及職責。薪酬委員會之角色及職能包括釐訂全體執行董事及本公司高級管理人員之特定薪酬待遇，包括實物利益、退休金權利及賠償金（包括喪失或終止職務或委任之賠償），並就非執行董事之薪酬向董事會提出建議。

本年度直至本報告日期，薪酬委員會之成員包括：

唐錫麟先生（主席）
葛根祥先生
陳浩文先生

薪酬委員會於二零零六年四月十九日及二零零七年四月十七日舉行會議，以討論薪酬相關事宜。薪酬委員會會議之出席詳情如下：

Members	成員	Attendance 出席次數
Mr. Tong Shek Lun	唐錫麟先生	2/2
Mr. Goh Gen Cheung	葛根祥先生	2/2
Mr. Chan Ho Man	陳浩文先生	2/2

Corporate Governance Report 企業管治報告書

The Remuneration Committee has considered and reviewed the existing terms of employment contracts of the executive Directors and appointment letters of the independent non-executive Directors with reference to the factors including salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee considers that the existing terms of employment contracts of the executive Directors and appointment letters of the independent non-executive Directors are fair and reasonable. Details of the emolument policy of the Directors are set out on page 52 of this report.

NOMINATION OF DIRECTORS

The nomination committee of the Company (the "Nomination Committee") was established on 22 April 2005. The role and function of the Nomination Committee include to review the structure, size and composition of the board of Directors on a regular basis and make recommendations to the board of Directors regarding any proposed changes. The board of Directors considers the past performance and qualification of the candidates for Directors, general market conditions and the Company's bye-laws in selecting and recommending candidates for directorship during the year under review.

During the year until the date of this report, members of the Nomination Committee included:

Mr. Tong Shek Lun (Chairman)
Mr. Goh Gen Cheung
Mr. Chan Ho Man

薪酬委員會已參照包括可比較公司所支付之薪金、董事付出之時間及職責、本集團其他職位之僱用條件及應否按表現釐訂薪酬等因素，考慮及檢討執行董事聘用合約及獨立非執行董事委任函之現有條款。薪酬委員會認為執行董事聘用合約及獨立非執行董事委任函之現有條款屬公平合理。董事之酬金政策詳情載於本報告第52頁。

董事之提名

本公司提名委員會（「提名委員會」）於二零零五年四月二十二日成立。提名委員會之角色及職能包括定期檢討董事會之架構、人數及組成，並就任何擬作出之變動向董事會提出建議。於回顧年度，董事會考慮董事候選人之過往表現及資格、整體市況及本公司之公司細則以甄選及推薦董事候選人。

本年度直至本報告日期，提名委員會之成員包括：

唐錫麟先生（主席）
葛根祥先生
陳浩文先生

The meetings of the Nomination Committee were held on 19 April 2006 and 17 April 2007. Details of the attendance of the meetings of the Nomination Committee are as follows:-

提名委員會於二零零六年四月十九日及二零零七年四月十七日舉行會議。提名委員會會議之出席詳情如下：

Directors	董事	Attendance 出席次數
Mr. Tong Shek Lun	唐錫麟先生	2/2
Mr. Goh Gen Cheung	葛根祥先生	2/2
Mr. Chan Ho Man	陳浩文先生	2/2

During the meetings, the Nomination Committee considered and resolved that all the existing Directors shall be recommended to be retained by the Company. Further, in accordance with the Company's bye-laws and as resolved by the Nomination Committee, Ms. Ko Lai King, Kinny, Ms. Chung Wai Yu, Regina and Mr. Sun Yaoquan will retire, and Ms. Ko Lai King, Kinny, Ms. Chung Wai Yu, Regina and Mr. Sun Yaoquan being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

於會議上，提名委員會考慮及議決向本公司推薦保留全體現任董事。另外，根據本公司之公司細則及提名委員會決議，高麗瓊女士、鍾惠愉女士及孫耀全先生將會退任，而高麗瓊女士、鍾惠愉女士及孫耀全先生將合資格於本公司應屆股東週年大會上膺選連任。

AUDITOR'S REMUNERATION

The Company's external auditors are Deloitte Touche Tohmatsu. The audit committee of the Company (the "Audit Committee") is responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Group. During the year under review, the Group has paid an aggregate of approximately HK\$1,321,000 to the external auditors for their non-audit services including taxation and other advisory services.

核數師酬金

本公司之外聘核數師為德勤•關黃陳方會計師行。本公司之審核委員會（「審核委員會」）負責考慮委任外聘核數師及檢討外聘核數師所執行之任何非核數職能，包括該等非核數職能會否對本集團構成任何潛在重大不利影響。於回顧年度，本集團已就外聘核數師之非核數服務（包括稅務及其他顧問服務）向外聘核數師支付合共約1,321,000港元。

Corporate Governance Report 企業管治報告書

AUDIT COMMITTEE

As required by Rule 3.21 of the Listing Rules, the Company has established an Audit Committee with written terms of reference which deal clearly with its authority and duties. Its principal duties are to review and supervise the Group's financial reporting process and internal control systems.

During the year until the date of this report, members of the Audit Committee included:

Mr. Sun Yaoquan
Mr. Goh Gen Cheung
Mr. Chan Ho Man (Chairman)

The Audit Committee held four meetings during the period under review until the date of this report. Details of the attendance of the meetings of the Audit Committee are as follows:-

Members	成員	Attendance 出席次數
Mr. Sun Yaoquan	孫耀全先生	3/4
Mr. Goh Gen Cheung	葛根祥先生	4/4
Mr. Chan Ho Man	陳浩文先生	4/4

The Group's audited consolidated results for the year ended 31 December 2006 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

The Audit Committee considered that the existing proposed terms in relation to the appointment of the Group's external auditors are fair and reasonable.

審核委員會

本公司已按照上市規則第3.21條之規定成立審核委員會；審核委員會具有成文權責範圍，明確列出該委員會的權限及職責。其主要職責為檢討及監督本集團之財務報告程序及內部監控系統。

本年度直至本報告日期，審核委員會之成員包括：

孫耀全先生
葛根祥先生
陳浩文先生(主席)

回顧期間直至本報告日期，審核委員會共舉行四次會議。審核委員會會議之出席詳情如下：

審核委員會已審閱本集團截至二零零六年十二月三十一日止年度之經審核綜合業績。審核委員會認為該等業績之編製符合適用會計準則、上市規則及法律規定，並已作出充分披露。

審核委員會認為有關委任本集團外聘核數師之現行計劃條款屬公平合理。

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders of the Company are set out on pages 54 and 55 of this report.

INTERNAL CONTROL

The Board has conducted a review of the effectiveness of the Group's system of internal control to ensure the effective and adequate internal control system. The Board convened meetings regularly to discuss financial, operational and compliance controls risk management functions.

董事及核數師對賬目之責任

董事對賬目之責任及外聘核數師對本公司股東之責任載於本報告第54及55頁。

內部監控

董事會已對本集團之內部監控制度之成效進行檢討，以確保內部監控制度行之有效及並無不足。董事會定期召開會議以討論財務、經營及遵例監控風險管理職能。