

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to ensuring high standards of corporate governance in the interest of its shareholders.

The Group has adopted the code provisions set out in the Code of Corporate Governance Practices (the “Code”) as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Under the code provision A.2.1 of Appendix 14 to the Listing Rules, the roles of chairman and president should be separate and should not be performed by the same individual. The chairman and president of the Company are performed by the same individual, 曾雲樞先生 (Mr. Zeng Yunshu). 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 the Company and believe that this structure will enable the Group to make and implement decisions promptly and efficiently. Therefore, the Directors are of the view that the roles of chairman and president of the Company can be performed by the same individual.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed they have fully complied with the required standard set out in the Model Code.

## BOARD OF DIRECTORS

As at the date of this report, the Board of Directors of the Company (the “Board”) comprises five executive Directors, namely, Mr. Zeng Yunshu, Dr. Han Qin Chun, Mr. Zeng Sheng, Ms. Ye Qingdong and Mr. Quyang Junxin, two non-executive Directors, namely, Mr. Zhang Huaqiao and Mr. Chen Junyu, and three independent non-executive Directors, namely, Dr. Li Jun, Mr. Cheng Ngai Lan and Ms. Lin Weifang.

The Board will have four scheduled meetings a year and meet at other times as and when required to review financial and internal control, risk management, company strategy and operating performance of the Group. Board minutes are kept by the Company Secretary of the Company and are sent to the Directors for records and are open for inspection by the Directors.

## 企業管治常規

本集團致力確保良好的企業管治標準，以符合股東利益。

本集團採納香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四所載的企業管治常規守則(「守則」)的守則條文。

根據上市規則附錄十四的A.2.1守則條文，主席及總裁的角色應各自獨立，且不應由同一人士所擔任。本公司的主席及總裁均由同一人士即曾雲樞先生擔任。董事定時召開會議以審議影響本公司營運的重大事宜。董事認為此架構將不會損害本公司董事與管理層之間的權力與授權的平衡，並相信此架構將可令本集團迅速及有效地作出和實施決策。因此，董事認為，本公司主席與總裁的角色可由同一人士擔任。

## 董事進行的證券交易

本公司採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則(「標準守則」)，作為董事進行證券交易的行為守則。期間，本公司已就是否有任何違反標準守則的事項向全體董事作出具體查詢，而彼等均確認彼等已全面遵守標準守則所載標準。

## 董事會

於本報告日期，本公司董事會(「董事會」)包括五名執行董事曾雲樞先生、韓秦春博士、曾勝先生、葉慶東女士及歐陽俊新先生，兩名非執行董事張化橋先生及陳軍余先生，以及三名獨立非執行董事李珺博士、張毅林先生及林偉芳女士。

董事會每年舉行四次會議，並在有需要時舉行會議檢討本集團的財務及內部監控、風險管理、公司策略及營運業績。董事會的會議紀錄由本公司公司秘書保存，並會送交董事存檔及公開供董事查閱。

The Board is responsible to ensure that there is a competent executive management which is able to run the Company in a sound and efficient manner. The Board is also responsible for establishing the Company's business strategies and plans from time to time to ensure that the operations of the Company are conducted effectively.

Each executive Director is delegated individual authority and responsibility to oversee and monitor the operations of a specific business unit, and to implement the strategies and policies set by the Board. The Company has received, from each independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent. The independent non-executive Directors will provide independent opinion and share their knowledge and experience with the other members of the Board.

The Board had conducted appropriate internal control procedures and reviewed risk management strategies and policies of the Company to ensure that the Company runs its business in compliance with all legal and regulatory requirements with prudence and integrity.

## REMUNERATION OF DIRECTORS

The Company has established a remuneration committee with written terms of reference as suggested under the code provisions under the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The remuneration committee comprises three members, namely, Dr. Li Jun, Mr. Zeng Yunshu and Mr. Cheung Ngai Lam. The chairman of the remuneration committee is Dr. Li Jun. The remuneration committee will meet at least once a year to determine the remuneration policy for Directors and senior management.

The principal responsibilities of the remuneration committee include making recommendations to the Board on the remuneration package of the Directors and the senior management to ensure that the remuneration offered is appropriate for the duties and responsibilities assumed and in line with the general market practice.

Details of the amount of Directors emoluments are set out in note 9 to the financial statements.

董事會負責確保行政管理層能使本公司妥善及有效經營，並不時制定本公司業務策略及計劃，以確保有效營運。

各執行董事獲個別授權監督及監察特定業務單位的運作，並推行董事會制定的策略及政策。根據上市規則第3.13條，各獨立非執行董事已向本公司呈交年度確認書，確認彼等之獨立性，而本公司亦認為所有獨立非執行董事均為獨立人士。獨立非執行董事將提供獨立意見，並與董事會其他成員分享相關知識及經驗。

董事會已進行適當內部監控程序，並檢討本公司的風險管理策略及政策，以確保本公司在符合所有法例及監管規定的情況下審慎而真誠地經營業務。

## 董事薪酬

本公司已成立薪酬委員會，其書面職權範圍符合上市規則附錄十四所載企業管治常規守則的守則條文。薪酬委員會由三名成員組成，包括李珺博士、曾雲樞先生及張毅林先生，而李珺博士為主席。薪酬委員會每年最少舉行一次會議，以釐定董事及高級管理層的薪酬政策。

薪酬委員會的主要負責任包括向董事會提出有關董事高級管理層薪酬待遇的推薦意見，確保所給予的薪酬與彼等的職務及所承擔的責任相符，亦符合一般的市場慣例。

有關董事薪酬金額的詳情載於財務報表附註9。

## AUDITORS' REMUNERATION

During the year ended 31 December 2006, the fee paid/payable to auditors in respect of audit services provided by the auditors to the Group was HK\$800,000 (equivalent to RMB792,000). In addition, the Group also incurred approximately HK\$3,138,000 (equivalent to RMB3,107,000) for the services provided by the reporting accountants in respect of the IPO and listing of the Company's shares on the Stock Exchange Hong Kong and the amount has been charged to the share premium account in 2007.

## AUDIT COMMITTEE

An audit committee was established by the Company on 31 January 2007 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and approve the Group's financial reporting process and internal control system. The members of the audit committee are the independent non-executive Directors, Mr. Cheung Ngai Lam, Dr. Li Jun and Ms. Lin Weifang, Mr. Cheung Ngai Lam is the chairman of the audit committee.

The Group's annual results for the year ended 31 December 2006 have been reviewed by the audit committee.

## NOMINATION COMMITTEE

A nomination committee was established by the Company on 31 January 2007 with written terms of reference. The primary duties of the nomination committee are to make recommendations to the Board on the appointment of Directors and the management of the Board succession. The members of the nomination committee are the independent non-executive Directors. Ms. Lin Weifang, Dr. Li Jun and Mr. Cheung Ngai Lam, Ms. Lin Weifang is the chairlady of the nomination committee.

## BOARD MEETING ATTENDANCE SINCE LISTING AND UP TO THE DATE OF THIS REPORT

Name of Directors 董事姓名		Regular Board Meeting 董事會定期會議	Audit Committee Meeting 審核委員會會議
Mr. Zeng Yunshu	曾雲樞先生	3/3	N/A 不適用
Dr. Han Qinchun	韓秦春博士	3/3	N/A 不適用
Mr. Zeng Sheng	曾勝先生	3/3	N/A 不適用
Ms. Ye Qingdong	葉慶東女士	3/3	N/A 不適用
Mr. Ouyang Junxin	歐陽俊新先生	3/3	N/A 不適用
Mr. Zhang Huaqiao	張化橋先生	0/3	N/A 不適用
Mr. Chen Junyu	陳軍余先生	1/3	N/A 不適用
Mr. Li Jun	李珺先生	0/3	0/1
Mr. Cheung Ngai Lam	張毅林先生	1/3	1/1
Ms. Lin Weifang	林偉芳女士	1/3	1/1

## 核數師薪酬

截至2006年12月31日止年度，就核數師向本集團提供的核數服務已付／應付費用為800,000港元（相當於人民幣792,000元）。此外，本集團亦向申報會計師就首次公開發售及本公司股份於香港聯交所上市提供的服務支付約3,138,000港元（相當於人民幣3,107,000元），該數額已自2007年股份溢價賬中扣除。

## 審核委員會

本公司於2007年1月31日成立審核委員會，並根據上市規則附錄十四所載的企業管治常規守則制訂書面職權範圍。審核委員會的主要職務為檢討及批准本集團的財務申報程序及內部監控制度。審核委員成員包括獨立非執行董事張毅林先生、李珺博士及林偉芳女士。張毅林先生為審核委員會主席。

本集團截至2006年12月31日止年度的年度業績已由審核委員會審閱。

## 提名委員會

本公司於2007年1月31日成立提名委員會，並以書面列明職權範圍。提名委員會的主要職務包括就委任董事及董事會管理層的繼任事宜，向董事會提供推薦意見。提名委員會成員包括獨立非執行董事林偉芳女士、李珺博士及張毅林先生。林偉芳女士為提名委員會主席。

## 自上市以來及截至本報告日期之董事會會議出勤情況

## INTERNAL CONTROL

The Board has the responsibility to maintain an effective internal control system in order to protect the Group's assets and shareholders' interests. The board shall also conduct periodic reviews to ensure the effectiveness of the Company's internal control system.

The internal control system includes a well established corporate structure and organization with clearly defined lines of responsibility and authority. Each department is responsible for its daily operations, and is also required to implement and monitor the strategies and policies adopted by the Board and effective employment of the resources of the Company, in order to avoid misappropriation of resources and damages made to the Company's assets, and prevent against errors and fraud.

The Board assesses the effectiveness of the internal control system and procedures based on information derived from discussions with the management of the Company and its external auditors, as well as reviews conducted by the audit committee. The Board believes that the existing internal control system is adequate and effective.

The Board has established a clearly defined scope of activities, responsibility and authority for each department and its management staff within the Group. The Group has a defined goal for each department to accomplish, these goals were discussed in the broad meeting and pass on to the management through the executive directors. These goals will be implemented and closely monitored by the executive directors who shall review the operational and financial results from time to time, and to take any necessary actions for the improvement of its business activities.

## INVESTOR RELATIONS

The Company is committed to maintaining high level of transparency in communicating with shareholders and the investment community at large. The company provides information in relation to the Company and its business in its annual report which is to be dispatched to shareholders on a timely basis. The Group's corporate website also provides an effective communication medium through which the public and investor community can obtain updated information about the Group.

All the shareholders of the Company are to be given a 21 days' notice of the date and venue of the Company's Annual General Meeting where the shareholders will have an opportunity to communicate directly with the Board of the Company.

## 內部監控

董事會有責任維持及檢討公司的內部監控系統，以保障公司的資產及股東的權益。董事會會定期檢討內部監控系統以確保其效用性。

內部監控系統包括公司的結構和組織，清楚界定各部門的職責範圍和權屬。各部門不僅負責日常業務的操作，還需要實施及監察董事會所決定的政策、策略及整體的資源有效運用，以防止濫用資源、資產受損、防止錯失及欺詐行為的發生。

董事會參考公司管理層、外部核數師及審核委員會所提供的資料，編製了一系列的業務操作手冊、企業管治手冊及內部監控系統指引。董事會相信現時之內部監控系統已經足夠及有效地運用。

董事會對各行政管理人員設有清晰而明確的權責。公司訂立明確的目標予各部門來完成，各項目標均在董事會議中決定後，由執行董事交給各管理部門執行。各執行董事會密切監察公司的各項業務、審閱業務進度和財務報告、檢討及作出相應的改善。

## 投資者關係

本公司在與股東及投資者溝通方面竭力保持高透明度，亦透過定期向股東寄發年報以提供有關本公司及其業務資料。本集團的公司網站更是公眾及投資者獲得本集團最新資料的有效溝通媒介。

本公司會於舉行股東週年大會前21天向全體股東寄發有關大會日期及地點的通告，會上股東將有機會直接與本公司董事會溝通。