

Corporate Governance Report 企業管治報告

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

Corporate governance practices

The board of directors of the Company is committed to raising the standard of corporate governance within the Group in order to enhance the transparency in disclosure of material information. The board strives to implement the best practices embodied in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules where feasible and as far as practicable.

Directors’ securities transactions

The Company has adopted the code of conduct regarding directors’ securities transactions as set out in the Model Code of the Listing Rules. Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

Board of directors

The Board consists of seven members who have appropriate corporate experience.

Of the seven directors, four are non-executive. Three of the non-executive directors are deemed to be independent by definition of the Listing Rules.

企業管治常規

本公司董事會致力於本集團內部提升企業管治標準，以提高披露重要資料之透明度。董事會銳意在可行及可能之情況下，執行上市規則附錄14下之企業管治常規守則（「守則」）所載列之最佳實務。

董事證券交易

本公司已採納上市規則標準守則載列有關董事進行證券交易之操守守則。本公司經作出具體查詢後，所有董事確認，彼等於全年內一直遵守標準守則所載規定準則。

董事會

董事會包括七名具合適企業經驗之成員。

在七名董事中，四名為非執行董事。根據上市規則之定義，其中三名非執行董事被視為具獨立性。

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Board of directors (CONTINUED)

The Board holds meetings on a regular basis during the year to review the Company's and the Group's operations and financial results. Details of attendance of the directors at the Board meetings and audit committee meetings are as follows.

董事會 (續)

於年內，董事會定期舉行會議，檢討本公司及本集團之經營及財務業績。董事出席董事會會議及審核委員會會議之細節如下。

		Board 董事會		Audit committee 審核委員會	
		Number of meetings 會議次數	Attendance 出席次數	Number of meetings 會議次數	Attendance 出席次數
Executive directors	執行董事				
Mr. Cheong Pin Chuan, Patrick (Chairman of the Board)	鍾斌銓先生 (董事會主席)	6	6	3	N/A 不適用
Mr. Cheong Kim Pong	鍾金榜先生	6	6	3	N/A 不適用
Mr. Cheong Sim Eng	鍾樂榮先生	6	6	3	N/A 不適用
Non-executive directors	非執行董事				
Mdm Lim Ghee	林 義女士	6	—	3	N/A 不適用
Ms. Cheong Hooi Kheng (alternate to Madam Lim Ghee)	鍾惠卿女士 (林義女士之替任董事)	6	—	3	N/A 不適用
Mr. Lai Hing Chiu, Dominic (Chairman of audit committee)	黎慶超先生 (審核委員會主席)	6	—	3	3
Mr. Kan Fook Yee	簡福飴先生	6	—	3	3
Mr. Chan Yee Hoi, Robert	陳以海先生	6	—	3	3

Guidelines are established which specify certain material transactions that require the Board's approval which include mergers and acquisitions, divestments and major capital expenditure.

已制定列明必須董事會批准之若干重大交易(包括合併及收購、撤資及重大資本開支)之指引。

The Board supervises the management of the business and affairs of the Company and the Group. Apart from its statutory duties, the Board reviews and approves the Company's and the Group's strategic plans, key operational initiatives, major investments and funding decisions, annual business plans, reviews the financial performance of the Company and the Group and evaluates the performance and compensation of senior management personnel.

董事監督本公司及本集團之業務及事務之管理。除法定職責外，董事會亦負責審閱及批准本公司及本集團之策略規劃、主要營運措施、重大投資及融資決策、年度業務規劃，審閱本公司及本集團之財務表現，以及評估高級管理人員之業績及酬勞。

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Board of directors (CONTINUED)

The Board have separate and independent access to management and the Company Secretary. Management provides the Board with reports of the Company's and the Group's performance, financial position and prospects, and these are reviewed by the Board at each Board meeting. Directors may obtain independent professional advice in furtherance of their duties, at the Company's and the Group's expense.

Chairman and chief executive officer

Under Code A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Cheong Pin Chuan, Patrick is both the Chairman of the Board as well as the Group's chief executive officer ("CEO")/managing director. Given the size and that the Company's and the Group's current business operations and administration have been relatively stable and straightforward, the Board is satisfied that one person is able to effectively discharge the duties of both positions. However, going forward, the Board will review from time to time, the need to separate the roles of the Chairman and the CEO if the situation warrants it.

Non-executive directors

Under Code A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Non-executive directors of the Company are not appointed for a specific term although they are subject to retirement and rotation and re-election at the annual general meeting under the Company's Bye-laws and except for the chairman of the Board and/or the managing director of the Company, each director is effectively appointed under an average term of three years.

董事會 (續)

董事會可分開及獨立地接觸管理層及公司秘書。管理層向董事會提供本公司及本集團之表現、財務狀況及前景之報告，該等報告由董事會於每次董事會會議時審閱。董事可就履行其職責獲取獨立專業意見，費用由本公司及本集團承擔。

主席及行政總裁

根據守則第A.2.1條，主席及行政總裁之職責應有所區分及不應由同一人擔任。鍾斌銓先生既為董事會主席，兼任本集團之行政總裁（「行政總裁」）／董事總經理。鑑於本公司及本集團現有業務營運之規模及行政管理相對穩定及簡明，董事會信納能夠由一名人士有效履行兩個職位之職責。然而，展望未來，董事會將不時檢討在情況合適下將主席及行政總裁之職責分開之需要。

非執行董事

根據守則第A.4.1條，非執行董事應有指定任期，並由選舉決定。本公司之非執行董事並未就特定期限委任，儘管根據本公司細則彼等須受股東週年大會上退休及輪選及重新選舉所規限，及除本公司之董事會主席及/或董事總經理外，各位董事實際根據平均三年期間委任。

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Board membership

The Board does not have a nomination committee as the Board has been relatively stable with low turnover in the past few years. However, if the need arises, the Board as a whole, will decide on the nomination and appointment of new directors.

Details of the directors' qualifications, directorships and other particulars are set out on page 26.

Remuneration policy

Employees (including directors) are remunerated according to their performance and working experience. On top of basic salaries, discretionary bonus and share options may be granted to eligible employee by reference to the individual's performance. In addition, the Group also provides social security benefits to its staff such as mandatory provident fund scheme in Hong Kong and the pension scheme in China.

Under Code B.1, a remuneration committee should be established with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.

The Board does not have a remuneration committee. The Board conducts an informal assessment of the individual director's contribution. No director decides his or her own remuneration. The directors' remuneration has been relatively stable in the past years. Details of directors' remuneration for the year are set out in note 7 to the financial statements.

Audit committee

The audit committee comprises three independent non-executive directors. One of the committee members has financial management experience.

The audit committee has full access to and co-operation of the management. The committee also has discretion to invite any director or executive officer to attend its meetings and is assured of adequate resources to enable it to discharge its function properly. CCIF CPA Limited, the external auditors have unrestricted access to the audit committee.

董事會成員

由於董事會組成相對穩定，過去數年無大變動，因此董事會並無成立提名委員會。然而，若情況需要，董事會整體將決定提名及委任新董事。

董事資格、董事職位及其他方面之詳情載於第26頁。

薪酬政策

僱員（包括董事）之薪酬乃按其表現及工作經驗而定。於基本薪金以外，亦可能會參考僱員個人表現，向合資格之僱員授出酌情花紅和購股權。此外，本集團亦為僱員提供保險福利，例如香港之強制性公積金計劃和中國之退休計劃。

根據守則B.1條，應設立薪酬委員會並以具體書面職權範圍清楚釐定其權力及職責。薪酬委員會之大部分成員應為獨立非執行董事。

董事會並無設立薪酬委員會。董事會對個別董事之貢獻作非正式評估。概無任何董事決定其本人薪酬。於過去幾年，董事之薪酬相對穩定。年內董事薪酬之詳情載於財務報表附註7。

審核委員會

審核委員會由三名獨立非執行董事組成。其中一名委員會成員擁有財務管理經驗。

審核委員會可全面接觸管理層及獲得管理層的幫助及協助。該委員會亦可酌情邀請任何董事或主管人員出席其會議，並獲充分資源以適當履行其職責。外聘核數師陳葉馮會計師事務所有限公司可不受限制接觸審核委員會。

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Audit committee (CONTINUED)

The audit committee meets periodically with the auditors of the Company to discuss and review:

- (a) the annual and interim financial statements to shareholders before submission to the Board for adoption;
- (b) the Company's and Group's accounting policies and system of internal controls;
- (c) the audit plan of the Company's external and internal auditors;
- (d) the results of the external and internal auditors' examination and their evaluation of the Company's and the Group's internal control system;
- (e) the independence and objectivity of the external auditors;
- (f) the assistance given by the Company's and the Group's officers to the external and internal auditors; and
- (g) interested person transactions.

To enable the committee to discharge its functions more efficiently, the Company has an internal audit department. An internal audit plan has been developed and executed to monitor the effectiveness of the Group's internal control systems.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The directors regularly review the effectiveness of all internal controls, including operational controls.

審核委員會 (續)

審核委員會與本公司之核數師定期舉行會議，以討論及考察：

- (a) 尚未提交董事會採納之將公佈予股東之年度及中期財務報表；
- (b) 本公司及本集團之會計政策及內部監控系統；
- (c) 本公司外聘及內部核數師之審核計劃；
- (d) 外聘及內部核數師之審查結果及彼等對本公司及本集團之內部監控系統之評估；
- (e) 外聘核數師之獨立性及客觀性；
- (f) 本公司及本集團負責人員為外聘及內部核數師提供之協助；及
- (g) 利益人士交易。

為使該委員會更為有效地履行其職責，本公司設有內部審核部門。已制定及執行內部審核計劃以監察本集團內部監控系統之效能。

雖然董事會明白其負責整體之內部監控框架，但亦坦承並無具經濟效益又可排除所有錯誤及違規情況之內部監控系統，因為指定系統乃為管理不能達到業務目標之風險而非排除該等風險，而且僅能為防止重大資料失實提供合理而非絕對之保證。董事定期考察所有內部監控(包括運作監控)之效能。

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Audit committee (CONTINUED)

Risk assessment and evaluation take place as an integral part of the annual strategic planning cycle. Having identified the risks to achievement of their strategic objectives, each business is required to document the management and mitigating actions in place and proposed in respect of each significant risk.

Under Code C.3.3, the audit committee should have the duties to be primary responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor.

The recommendation on the appointment, reappointment and removal of the external auditor, and to approve the remuneration of the external auditors, and any questions of resignation or dismissal of that auditor of the Company is made by the Board to the audit committee for approval.

Auditors' remuneration

The Board has reviewed the volume of non-audit services to the Company and the Group by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Hence, the Board has recommended that the auditors, CCIF CPA Limited, be nominated for re-appointment as external auditors at the forthcoming annual general meeting of the Company.

審核委員會 (續)

風險評定及評估乃作為年度策略計劃之組成部分。各業務部門在識別出達到彼等之策略目標存在之風險後，須記錄就各項重大風險已採取及擬採取之管理及減輕措施。

根據守則第C.3.3條，審核委員會應主要負責就委聘、續聘及解聘外聘核數師向董事會提供建議、批准外聘核數師之薪酬及聘用條款及與該核數師之辭任或解聘有關之任何問題。

有關委聘、續聘及解聘外聘核數師、批准外聘核數師之薪酬及與本公司該核數師之辭任或解聘有關之任何問題之建議乃由董事會作出並提呈審核委員會批准。

核數師薪酬

審核委員會已審閱外聘核數師為本公司及本集團提供之非審核服務量，並接納該等服務之性質及程度無損於外聘核數師之獨立性及客觀性。因此，審核委員會已建議董事會在本公司即將召開之股東週年大會上提名核數師陳葉馮會計師事務所有限公司連任外聘核數師。