

Corporate Governance Report

企業管治報告

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The board of directors of the Company (the “Board”) believes that good corporate governance is essential to the success of the Company and to the enhancement of shareholders’ value.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the light of 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”) which came into effect on 1 January 2005, the Board has reviewed the corporate governance practices of the Company with the adoption and improvement of the various procedures and documentation which are detailed in this report. The Company has applied the principles of and complied with the applicable code provisions of the CG Code during the year ended 31 December 2005, except for certain deviations as specified with considered reasons for such deviations as explained below.

THE BOARD

The Board currently comprises seven Directors and its composition is set out as follows:

Executive Directors: Arthur George Dew (*Chairman*)
Dr. Lincoln Chee Wang Jin
Mark Wong Tai Chun

Non-Executive Director: Richard Owen Pyvis

Independent Non-Executive Directors (“INEDs”): Li Chak Hung
Francis J. Chang Chu Fai
Carlisle Caldwell Procter

The brief biographical details of the Directors are set out in the “Board of Directors and Senior Management” section on pages 21 to 23.

本公司致力於切合實際之範圍內維持高水平之企業管治，以強調高透明度、問責性及獨立性為原則。本公司董事會（「董事會」）相信優良之企業管治對本公司之成功及提升股東價值乃非常重要。

企業管治常規守則

根據已於二零零五年一月一日起生效之香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載之企業管治常規守則（「企業管治守則」），董事會已審閱本公司之企業管治常規，並已採納及改進多項有關程序及文件，詳情載於本報告內。除下文解釋之若干已闡明原因之偏離行為外，於截至二零零五年十二月三十一日止年度，本公司已應用企業管治守則之原則及遵守適用之守則條文。

董事會

董事會目前由七名董事組成，其成員載列如下：

執行董事：狄亞法（主席）
徐旺仁醫生
王大鈞

非執行董事：Richard Owen Pyvis

獨立非執行董事：李澤雄
鄭鑄輝
Carlisle Caldwell Procter

各董事之簡歷載於第21至23頁之「董事及高級管理層」一節內。

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The Non-Executive Directors (a majority of whom are independent) provide the Group with a wide range of expertise and experience. Their active participation in Board and committee meetings brings independent judgment on issues relating to the Group's strategy, performance and management process, taking into account the interests of all shareholders.

The Company has three INEDs representing not less than one-third of the Board. Two of the three INEDs have the appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Board has received from each INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group in addition to the meetings for reviewing and approving the Group's annual and interim results. During the year, six Board meetings were held and attendance of each Director at the Board meetings is set out as follows:

非執行董事 (其中大多為獨立董事) 為本集團提供廣泛之專業知識及經驗。彼等積極參與董事會及委員會會議，在顧及全體股東利益之情況下，就本集團之策略、表現及管理程序之事宜提供獨立判斷。

本公司之三名獨立非執行董事佔董事會人數不少於三分之一。其中兩名獨立非執行董事均具備上市規則第3.10條所列的適當專業資格、會計或相關財務管理專長。董事會已接獲每名獨立非執行董事有關其獨立性之年度確認書，並認為所有獨立非執行董事均具備上市規則第3.13條所載指引下之獨立性。

董事會定期召開會議，討論本集團之整體策略、營運及財務表現，並審閱及批准本集團之全年及中期業績。董事會於年內共舉行六次會議，各董事之出席率如下：

	Number of Board meetings attended/eligible to attend		出席／具資格出席 董事會會議之次數
Executive Directors:		執行董事：	
Arthur George Dew (<i>Chairman</i>)	6/6	狄亞法 (主席)	6/6
Dr. Lincoln Chee Wang Jin	6/6	徐旺仁醫生	6/6
Mark Wong Tai Chun	6/6	王大鈞	6/6
Non-Executive Directors:		非執行董事：	
Richard Owen Pyvis	6/6	Richard Owen Pyvis	6/6
Brian Damian O'Connor*	0/2	Brian Damian O'Connor*	0/2
INEDs:		獨立非執行董事：	
Li Chak Hung	5/6	李澤雄	5/6
Francis J. Chang Chu Fai	6/6	鄭鑄輝	6/6
Carlisle Caldwell Procter	6/6	Carlisle Caldwell Procter	6/6

* Retired at the Company's annual general meeting held on 20 May 2005.

* 於二零零五年五月二十日舉行的本公司股東週年大會上退任。

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The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, recommendations on Directors' appointment or re-appointment, material contracts and transactions as well as other significant policy and financial matters. The Board has delegated the daily operations and administration to the executive management under the supervision of the Executive Committee which has its specific written terms of reference. The respective functions of the Board and management of the Company have been formalised and set out in writing which was approved by the Board in June 2005. The Board will review the same once a year.

Regular Board meetings are scheduled one year in advance to facilitate maximum attendance of Directors. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are sent to all Directors at least 3 days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the Company Secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, a written procedure was established in June 2005 to enable the Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

經董事會決定或考慮之事宜包括本集團整體策略、全年營運預算、全年及中期業績、董事委任或重新委任之推薦建議、重大合約及交易，以及其他重大政策及財務事宜。董事會已將日常營運及行政事務委派予行政管理人員處理，並由執行委員會（其具有明確之書面職權範圍）監督。董事會及本公司管理層之職能已分別確立並以書面列載，且已於二零零五年六月獲董事會批准。董事會將每年對上述職能作出檢討。

董事會定期會議在一年前已預定日期，以便更多董事出席會議。召開董事會會議一般會給予所有董事至少十四天之通知，彼等皆有機會提出商討事項以列入會議議程內。公司秘書協助主席編製會議議程，以及確保已遵守所有適用規則及規例。議程及隨附之董事會文件一般在擬舉行董事會定期會議之日期（及就可行情況下，其他董事會會議）前三天送呈所有董事。每份董事會會議記錄之初稿於提交下一次董事會會議審批前，先供所有董事傳閱並提出意見。所有會議記錄均由公司秘書保存，並供任何董事於發出合理通知時，於任何合理時間內查閱。

每名董事有權查閱董事會文件及相關資料，及可向公司秘書尋求意見及服務。董事會及各董事亦可個別及獨立地接觸本公司之高級管理人員。董事將獲持續提供上市規則及其他適用監管規定之最新發展之資料，以確保彼等遵守及秉持良好之企業管治常規。此外，書面程序已於二零零五年六月制定，讓各董事在履行其職務時，可在適當之情況下尋求獨立專業意見，有關合理費用由本公司承擔。

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ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer (“CEO”) are separate to reinforce their respective independence and accountability. The Chairman of the Company is Mr. Arthur George Dew who is primarily responsible for the leadership of the Board, while the functions of a CEO are performed by the two Executive Directors, Dr. Lincoln Chee Wang Jin and Mr. Mark Wong Tai Chun, who are responsible for the day-to-day management of the Group’s Medical Division and Elderly Division respectively. Their responsibilities are clearly segregated and have been set out in writing and approved by the Board in June 2005.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In June 2005, the Board has established and adopted a written nomination procedure (the “Nomination Procedure”) specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Chairman of the Board shall, based on those criteria as set out in the Nomination Procedure (such as appropriate experience, personal skills and time commitment etc.), identify and recommend the proposed candidate to the Board for approval of an appointment.

The Non-Executive Directors of the Company had no fixed term of office prior to 20 May 2005, but retired from office on a rotational basis in accordance with the relevant provision of the Company’s Bye-laws. According to the Bye-laws of the Company then in effect before 20 May 2005, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) should retire from office by rotation, provided that the Chairman of the Board and/or the Managing Director of the Company should not be subject to retirement by rotation. Further, any Director appointed to fill a casual vacancy or as an addition to the Board should hold office only until the next following annual general meeting and would then be eligible for re-election at that meeting.

主席及行政總裁之角色

主席及行政總裁（「行政總裁」）的角色有所區分，以加強彼此之獨立及問責性。本公司之主席為狄亞法先生，彼主要負責領導董事會，而行政總裁之職務則由兩名執行董事徐旺仁醫生及王大鈞先生履行，彼等分別負責本集團旗下醫療分部及護老分部之日常管理工作。上述角色之職責已清楚區分及以書面列載，並於二零零五年六月經董事會批准。

董事的委任及重選

於二零零五年六月，董事會已設立並採納一套以書面列載之提名程序（「提名程序」），具體列明本公司董事候選人之挑選準則及推薦程序。董事會主席須以提名程序所載之該等準則（如恰當資歷、個人專長及可投放時間等）作為基準確定及向董事會推薦董事人選，以予批准委任。

於二零零五年五月二十日前，本公司之非執行董事概無固定任期，惟須按照本公司細則之有關條文輪值退任。根據本公司於二零零五年五月二十日前仍然有效之細則，在本公司每一屆股東週年大會上，三分之一當時在任之董事（或，倘其人數並非三之倍數，則最接近但不多於三分之一之數目）須輪值退任，惟本公司董事會主席及／或董事總經理不須按此規定輪值退任。此外，任何填補臨時空缺而獲委任之董事或為董事會新增之成員僅可任職至下屆股東週年大會為止，屆時彼可於該大會上膺選連任。

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To fully comply with the code provision A.4.1 of the CG Code, immediately after the annual general meeting of the Company held on 20 May 2005 (the “2005 AGM”), all Non-Executive Directors of the Company were appointed for a specific term which shall continue until 31 December 2006, but subject to the relevant provisions of the Bye-laws of the Company or any other applicable laws whereby the Directors shall vacate or retire from their office. In addition, to ensure full compliance with the code provision A.4.2 of the CG Code, relevant amendments to the Bye-laws of the Company were proposed and approved by the shareholders at the 2005 AGM so that (i) any Director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the Company’s first general meeting after the appointment and (ii) every Director shall be subject to retirement by rotation at least once every three years.

BOARD COMMITTEES

The Board has established three committees, being the Remuneration Committee, Audit Committee and Executive Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations where appropriate. The procedures and arrangements for a Board meeting, as mentioned on pages 29 to 31 in the section “The Board” above, have been adopted for the committee meetings so far as practicable.

Remuneration Committee

The Remuneration Committee was established in September 1997 and currently consists of three members, including Messrs. Li Chak Hung (Chairman), Francis J. Chang Chu Fai and Carlisle Caldwell Procter, all of whom are INEDs. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company’s policy if considered necessary.

為全面遵守企業管治守則之守則條文A.4.1，緊接於二零零五年五月二十日舉行之本公司股東週年大會（「二零零五年股東週年大會」）後，本公司所有非執行董事之委任已設指定任期，直至二零零六年十二月三十一日止，惟董事之撤職或退任須受本公司細則之有關條文或任何其他適用法例所規限。此外，為確保能全面遵守企業管治守則之守則條文A.4.2，本公司已於二零零五年股東週年大會上向股東建議修訂其相關細則，而有關修訂亦已獲股東批准，以使(i)任何獲委任填補臨時空缺之董事須於其委任後首次股東大會上接受股東重選；及(ii)每名董事須至少每三年輪值退任一次。

董事委員會

董事會已成立三個委員會，即薪酬委員會、審核委員會及執行委員會，並以書面具體列明其職權範圍。所有委員會之會議記錄及決議案均由公司秘書保存，並提供副本予全體董事會成員傳閱，而各委員會需向董事會匯報其決定及建議（倘適合）。董事會會議之程序及安排（於上文第29至31頁「董事會」一節提述）已於可行情況下在委員會會議上採納。

薪酬委員會

薪酬委員會於一九九七年九月成立。該委員會目前由三名成員組成，包括李澤雄先生（主席）、鄭鑄輝先生及 Carlisle Caldwell Procter先生，彼等均為獨立非執行董事。薪酬委員會獲提供充裕資源以履行其職務，並可按本公司政策在有需要時尋求獨立專業意見。

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The major roles and functions of the Remuneration Committee are:

- (i) to review and recommend to the Board the remuneration policy and packages of the Directors and, where appropriate, to consult the Chairman and/or CEO about the committee's proposals relating to the remuneration of other Executive Directors;
- (ii) to review and recommend performance-based remuneration by reference to corporate goals and objectives approved by the Board from time to time;
- (iii) to review and recommend the compensation payable to Executive Directors relating to any loss or termination of their office or appointment;
- (iv) to review and recommend compensation arrangements relating to dismissal or removal of Directors for misconduct; and
- (v) to ensure that no Director is involved in deciding his own remuneration.

The terms of reference of the Remuneration Committee of the Company were revised in June 2005 to comply with the code provision B.1.3 of the CG Code, but with a deviation from the code provision of the remuneration committee's responsibilities to determine the specific remuneration packages of all executive directors and senior management of an issuer. The Board considers that the Remuneration Committee of the Company should review (as opposed to determine) and make recommendations to the Board on the remuneration packages of Executive Directors only and not senior management for the following reasons:

- (i) the Board believes that the Remuneration Committee is not properly in a position to evaluate the performance of senior executives and that this evaluation process is more effectively carried out by the Executive Directors;
- (ii) the Remuneration Committee members only consist of INEDs who may not be industry skilled and come from differing professions and backgrounds and they are not involved in the daily operation of the Company. They may have little direct knowledge of industry practice and standard compensation packages. The Remuneration Committee is thus not in a position to properly determine the remuneration of the Executive Directors;

薪酬委員會之主要角色及職能如下：

- (i) 檢討並向董事會建議董事之薪酬政策及待遇，及(倘適合)就有關本公司其他執行董事薪酬之委員會建議，諮詢主席(如有)及／或行政總裁；
- (ii) 透過參照董事會不時批准之公司宗旨及目標以檢討並建議按表現釐定之薪酬；
- (iii) 檢討並建議向執行董事支付與其任何喪失或終止職務或委任有關之賠償；
- (iv) 檢討並建議因董事行為失當而解僱或罷免董事所涉及之賠償安排；及
- (v) 確保概無董事參與釐定其本身之薪酬。

為遵守企業管治守則之守則條文B.1.3，本公司薪酬委員會之職權範圍已於二零零五年六月作出修訂，惟就該守則條文在薪酬委員會須釐定發行人所有執行董事及高層管理人員之薪酬待遇之職責方面有所偏離。董事會認為，本公司之薪酬委員會僅會就執行董事(不包括高層管理人員)之薪酬待遇作出檢討(而非釐定)，並僅向董事會提出建議，理由如下：

- (i) 董事會認為薪酬委員會並不適宜評估高級行政人員之表現，而有關評估程序由執行董事施行將更為有效；
- (ii) 薪酬委員會成員僅由獨立非執行董事組成，彼等來自不同行業，具有不同背景，或會對本公司經營之行業並不完全熟悉，且並無參與本公司之日常運作，彼等對業界慣例及薪酬待遇之標準亦可能無直接認識。因此，薪酬委員會並不適宜釐定執行董事之薪酬；

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(iii) the Executive Directors must be in a position to supervise and control senior management and thus must be able to control their compensation; and

(iv) there is no reason for Executive Directors to pay senior management more than industry standards and thus shareholders will benefit by reducing costs in the fixing of such compensation packages.

The revised terms of reference of the Remuneration Committee have been placed on the Company's website in June 2005.

The Remuneration Committee shall meet at least once a year. One committee meeting was held in 2005 to review and discuss the salary structure of the Group and the attendance of each member is set out as follows:

Committee member	Number of committee meeting attended/held
Li Chak Hung (<i>Chairman</i>)	1/1
Francis J. Chang Chu Fai	1/1
Carlisle Caldwell Procter	1/1

The remuneration payable to Directors will depend on their respective contractual terms under their service contracts as approved by the Board on the recommendation of the Remuneration Committee. Details of the Directors' remuneration are set out in note 8 to the financial statements.

In order to attract, retain and motivate the senior executives and key employees of the Group, including the Executive Directors, the Company has adopted a share incentive plan in June 2002. Details of the share incentive plan are set out in the Report of the Directors on page 47 and note 27 to the financial statements.

Subsequent to the balance sheet date, a committee meeting was held on 8 March 2006 to review and discuss the structure of the remuneration of Directors, the performance and remuneration packages of the Executive Directors, Dr. Lincoln Chee Wang Jin and Mr. Mark Wong Tai Chun. The 2005 bonuses for the said two Executive Directors were also reviewed and recommended by the Remuneration Committee and were subsequently approved by the Board. Details of which are set out in note 8 to the financial statements.

(iii) 執行董事負責監管高層管理人員，因而須有權力操控彼等之薪酬；及

(iv) 執行董事並無理由會向高層管理人員支付高於業界標準之薪酬，而由彼等釐定其薪酬待遇可減省支出，將有利於股東。

薪酬委員會經修訂之職權範圍已於二零零五年六月在本公司網站內登載。

薪酬委員會每年須至少舉行一次會議。二零零五年已舉行一次委員會會議，對本集團之薪金結構進行審議及商討，而各成員的出席率如下：

委員會成員	出席／舉行委員會會議之次數
李澤雄 (主席)	1/1
鄭鑄輝	1/1
Carlisle Caldwell Procter	1/1

董事之薪酬將視乎薪酬委員會向董事會提出之建議獲批准後，並按各自之服務合約內之條款而釐定。董事薪酬之詳情載於財務報告附註8。

本公司已於二零零二年六月採納一項購股權計劃以吸引、延攬及推動本集團高級行政人員及主要僱員（包括執行董事）。購股權計劃詳情載於董事會報告第47頁及財務報告附註27。

在結算日後，委員會於二零零六年三月八日舉行了一次會議，審議及商討董事之薪酬結構，以及執行董事徐旺仁醫生和王大鈞先生之表現及薪酬組合。該兩名執行董事之二零零五年度花紅亦經由薪酬委員會審閱及向董事會建議，並其後獲董事會批准。該等詳情列載於財務報告附註8。

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Audit Committee

The Audit Committee was established in September 1997 and currently consists of four Non-Executive Directors, three of whom are INEDs. To retain independence and objectivity, the Audit Committee has been chaired by an INED (with appropriate professional qualifications or accounting or related financial management expertise) since October 2004. The current members of the Audit Committee are Messrs. Li Chak Hung (Chairman), Francis J. Chang Chu Fai, Carlisle Caldwell Procter and Richard Owen Pyvis. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The major roles and functions of the Audit Committee are:

- (i) to consider and recommend to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of those auditors;
- (ii) to consider and discuss with the external auditors the nature and scope of each year's audit;
- (iii) to review and monitor the external auditors' independence and objectivity;
- (iv) to review the interim and annual financial statements before submission to the Board;
- (v) to discuss any problems and reservation arising from the interim review and final audit, and any matters the external auditors may wish to discuss;
- (vi) to review the external auditors' management letters and management's response;
- (vii) to review the Group's financial controls, internal control and risk management systems;

審核委員會

審核委員會於一九九七年九月成立，目前由四名非執行董事組成，其中三名為獨立非執行董事。為保持獨立性及客觀性，審核委員會自二零零四年十月起，由一名具備合適專業資格、會計或相關財務管理專長之獨立非執行董事擔任主席。審核委員會之現有成員為李澤雄先生（主席）、鄭鑄輝先生、Carlisle Caldwell Procter先生及Richard Owen Pyvis先生。審核委員會獲提供充裕資源以履行其職務，並可按本公司之政策在有需要時尋求獨立專業意見。

審核委員會之主要角色及職能如下：

- (i) 考慮並向董事會建議外聘核數師之委任，重新委任及罷免，以及批准外聘核數師之薪酬及聘用條款，並處理任何有關該等核數師辭任或辭退之問題；
- (ii) 考慮及與外聘核數師討論每年核數之性質及範疇；
- (iii) 檢討及監察外聘核數師之獨立性及客觀性；
- (iv) 於中期及全年財務報告提交董事會前先行審議；
- (v) 商議就中期審閱及最終核數而產生之任何問題及保留事項，及外聘核數師擬商討之任何事宜；
- (vi) 審議外聘核數師之致管理層函件及管理層之回應；
- (vii) 檢討本集團之財務監控、內部監控及風險管理制度；

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(viii) to review the internal audit plan, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group; and

(ix) to consider any findings of the major investigations from the internal audit and management's response.

The terms of reference of the Audit Committee of the Company were revised in June 2005 to comply with the code provision C.3.3 of the CG Code, but with a deviation from the code provision of the audit committee's responsibility to implement policy on the engagement of the external auditors to supply non-audit services. The Board considers that the Audit Committee of the Company should recommend (as opposed to implement) the policy for the following reasons:

- (i) it is proper, and appropriate for the Board and its committees to develop policy and make appropriate recommendations;
- (ii) the proper and appropriate mechanism for implementation of such policy and recommendations is through the Executive Directors and management; and
- (iii) INEDs are not in an effective position to implement policy and follow up the same on a day-to-day basis.

The revised terms of reference of the Audit Committee have been placed on the Company's website in June 2005.

The Audit Committee shall meet at least three times a year. Three committee meetings were held in 2005 and the attendance of each member is set out as follows:

Committee member	Number of committee meetings attended/held
Li Chak Hung (<i>Chairman</i>)	3/3
Francis J. Chang Chu Fai	3/3
Carlisle Caldow Procter	3/3
Richard Owen Pyvis	3/3

(viii) 審議內部稽核計劃，確保內部及外聘核數師的協調，以及確保內部稽核功能有充足資源及在本集團內具有適當地位；及

(ix) 考慮內部稽核作出的主要調查結果和管理層的回應。

為遵守企業管治守則之守則條文C.3.3，本公司審核委員會之職權範圍已於二零零五年六月作出修訂，惟就該守則條文在審核委員會須執行政策以委聘外聘核數師提供非核數服務之職責方面有所偏離。董事會認為本公司之審核委員會應就該政策作出建議(而非執行)，理由如下：

- (i) 由董事會及其下設之委員會制定政策及作出合適之建議乃屬恰當；
- (ii) 由執行董事及管理層執行該政策及建議乃屬恰當及合適之機制；及
- (iii) 獨立非執行董事並不適宜執行日常之政策及跟進工作。

審核委員會經修訂之職權範圍已於二零零五年六月在本公司網站內登載。

審核委員會每年須至少舉行三次會議。二零零五年已舉行三次委員會會議，而各成員的出席率如下：

委員會成員	出席／舉行委員會會議之次數
李澤雄 (主席)	3/3
鄭鑄輝	3/3
Carlisle Caldow Procter	3/3
Richard Owen Pyvis	3/3

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During the meetings held in 2005, the Audit Committee had performed the work as summarised below:

- (i) reviewed the management letter from the external auditors in relation to the final audit of the Group for the year ended 31 December 2004;
- (ii) reviewed the financial reports for the year ended 31 December 2004 and for the six months ended 30 June 2005 and recommended the same to the Board for approval;
- (iii) reviewed and approved the 2005 audit plan of the Group;
- (iv) reviewed and approved the audit scope and fees proposed by the external auditors regarding the 2005 interim review for the six months ended 30 June 2005; and
- (v) reviewed the internal control and compliance activities submitted by the Head of Internal Audit and Compliance on the operations and performance of the Group.

Executive Committee

The Executive Committee was established in September 2003 and currently consists of three Executive Directors, being Mr. Arthur George Dew (Chairman), Dr. Lincoln Chee Wang Jin and Mr. Mark Wong Tai Chun. The Executive Committee is vested with all the general powers of management and control of the activities of the Group as are vested in the Board of the Company, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive Committee.

The Executive Committee normally meets weekly to discuss the operating affairs of the Group. It is mainly responsible for undertaking and supervising the day-to-day management and is empowered:

- (i) to formulate and implement policies for the business activities and internal control and administration of the Group; and
- (ii) to plan and decide on strategies to be adopted for the business activities of the Group.

在二零零五年舉行的會議中，審核委員會已執行之工作概括如下：

- (i) 審議外聘核數師有關本集團截至二零零四年十二月三十一日止年度最終審核的致管理層的審核情況說明函件；
- (ii) 審議截至二零零四年十二月三十一日止年度及截至二零零五年六月三十日六個月期間的財務報告，並就該等報告向董事會提出建議，以供董事會批准；
- (iii) 審議及批准本集團二零零五年度的審核計劃；
- (iv) 審議及批准外聘核數師就截至二零零五年六月三十日止六個月期間的二零零五年中期審閱建議的核數範圍及費用；及
- (v) 審議由內部稽核及法規監控主管就本集團營運及表現所提交的內部監控及法規監控活動。

執行委員會

執行委員會於二零零三年九月成立，目前由三名執行董事組成，包括狄亞法先生（主席）、徐旺仁醫生及王大鈞先生。執行委員會獲授予本公司董事會所獲授予關於本集團業務活動的所有一般管理及監控權，惟根據執行委員會之書面職權範圍須留待董事會決定及批准之該等事宜除外。

執行委員會一般每週舉行一次會議，以討論本集團之營運事宜。其主要負責處理及監察日常管理事宜，並有權：

- (i) 制定及執行有關本集團之商業活動、內部監控及行政政策；及
- (ii) 規劃及決定就本集團商業活動將予採納之策略。

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CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code.

To comply with the code provisions A.5.4 of the CG Code, the Company has also established and adopted in June 2005 a Code for Securities Transactions by Relevant Employees, on no less exacting terms than the Model Code, to regulate dealings in the securities of the Company by certain employees of the Company or any of its subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company or its securities.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility for preparing, with the support from Finance Department, the financial statements of the Group. In preparing the financial statements for the year ended 31 December 2005, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance were complied with. Appropriate accounting policies have also been applied consistently.

The reporting responsibilities of the Company’s external auditors, Messrs Ernst & Young, are set out in the Auditors’ Report on pages 55 and 56.

Internal Control

Through the Company’s internal audit functions, the Directors conduct a review of the effectiveness of the system of internal control of the Company. The Head of Internal Audit and Compliance will present its report and findings and the annual audit plan at the Audit Committee meetings for approval. The Head of Internal Audit and Compliance reports to the Chairman and the Audit Committee. Copies of the minutes of the Audit Committee meetings will also be sent to the Board for information.

董事及相關僱員進行證券交易的守則

本公司已採納上市規則附錄十所載《上市發行人董事進行證券交易的標準守則》（「標準守則」），作為其董事進行證券交易之行為守則。經本公司作出特定查詢後，所有董事已確認彼等已遵照標準守則所載之規定標準。

為遵守企業管治守則之守則條文A.5.4，本公司亦已於二零零五年六月就有關僱員之證券交易設定及採納一套準則，而該準則之內容不比標準守則寬鬆，以規管若干被認為可能會擁有關於本公司或其證券之未公開股價敏感資料之本公司或其任何附屬公司之僱員於本公司證券之買賣。

問責性及審核

財務報告

於財務部之協助下，董事確認彼等編製本集團財務報告之責任。於編製截至二零零五年十二月三十一日止年度之財務報告時，已採用香港普遍接納之會計原則，並按照香港會計師公會頒佈之香港財務報告準則（當中包括香港會計準則及詮釋），以及遵守公司條例之披露規定。並已貫徹地應用適當之會計政策。

本公司外聘核數師安永會計師事務所之匯報責任載於核數師報告第55及56頁。

內部監控

董事透過本公司的內部稽核功能，進行本公司內部監控系統效用的審查。內部稽核及法規監核主管會將其報告及調查結果和年度審核計劃提交審核委員會以待批准。內部稽核及法規監核主管會向主席及審核委員會匯報。審核委員會的會議記錄亦會送交董事會以供參考。

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External Auditors' Remuneration

During the year, the remuneration paid/payable to the Company's external auditors, Messrs. Ernst & Young, is set out as follows:

Services rendered for the Group	Fee paid/payable HK\$'000
Audit services	1,048
Non-audit services (including taxation compliance and advisory service fees, review of interim results, warrant and option price adjustments and reports on factual findings)	449
Total:	1,497

外聘核數師的酬金

於年內，已支付／應付予本公司外聘核數師安永會計師事務所之酬金載列如下：

為本集團提供的服務	已付／應付費用 千港元
核數服務	1,048
非核數服務 (包括稅務法規監察及諮詢服務費、審閱中期業績、認股權證及購股權價格調整及事實調查報告)	449
合計	1,497

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information as well as the recent development of the Group are also made available on the Company's website.

The Company's annual general meeting (the "AGM") is a valuable forum for the Board to communicate directly with the shareholders. The Chairman actively participates in the AGM and personally chairs the meeting to answer any questions from the shareholders. A separate resolution is proposed by the Chairman in respect of each issue to be considered at the AGM. An AGM circular is distributed to all shareholders at least 21 days prior to the AGM, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. The Chairman explains the procedures for demanding and conducting a poll again at the beginning of the AGM, and (except where a poll is demanded) reveals how many proxies for and against have been received in respect of each resolution.

與股東溝通

董事會瞭解與股東保持良好溝通之重要性。有關本集團之資料乃按時透過多種正式途徑向股東 (包括中期及年度報告、公佈及通函等) 傳達。該等公佈文件連同最近期的公司資料，以及本集團之最新發展，均在本公司的網站上可供查閱。

本公司股東週年大會 (「股東週年大會」) 乃董事會直接與股東聯繫之寶貴機會。主席積極參與並親身主持股東週年大會以回應任何股東之查詢。主席會就每項在股東週年大會上審議之議題提呈個別之決議案。股東週年大會通函於股東週年大會舉行至少二十一天前發送予全體股東，該通函載列每項擬提呈決議案之詳情、投票程序 (包括要求以股數投票方式進行表決之程序) 及其他相關資料。主席於股東週年大會開始時，會再次解釋要求以股數投票方式進行表決之程序，及 (除要求以股數投票方式表決外) 宣佈就每項決議案已接獲委任代表之贊成及反對之票數。

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CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code of the Stock Exchange but about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our shareholders are also welcome to promote our transparency.

On behalf of the Board
Arthur George Dew
Chairman

Hong Kong, 28 March 2006

提升企業管治水平

提升企業管治水平並非只為應用及遵守聯交所之企業管治守則，乃為推動及發展具道德與健全之企業文化。吾等將按經驗、監管變動及發展，不斷檢討及於適當時改善現行常規。本公司歡迎股東提供任何意見及建議以提高本公司之透明度。

承董事會命
主席
狄亞法

香港，二零零六年三月二十八日