

企業管治報告

Corporate Governance Report

董事會深知良好而穩固的企業管治結構至為重要，而董事堅信，合理的企業管治常規對本集團的成長是非常重要的。

二零零三年十一月，本公司公佈了內部的「企業管治規範及目標」。二零零四年十一月，香港聯交所也頒佈了「企業管治常規守則」（以下簡稱「企業管治守則」），一般適用於二零零五年一月一日或該日後開始的會計年度。企業管治守則詳列良好企業管治的原則及兩個層次的規定，即：

- 守則條文，有關方面期望發行人遵守有關規定，如有任何偏離，則須提出經過考慮的理由；及
- 建議最佳常規，雖然只屬指引性質，但有關方面仍鼓勵發行人遵守有關規定，如有任何偏離，則須提出理由。

聯交所容許發行人按照彼等認為合適的條款自訂企業管治常規，但若有任何偏離企業管治守則之處，則必須提出經過深思熟慮得出的理由。

二零零五年四月八日，董事會通過本公司的「企業管治常規手冊」（以下簡稱「企業管治手冊」），即時生效。

企業管治手冊除包含差不多所有守則條文外，也包括守則條文的實施細則，並認為恰當時所採納的建議最佳常規。企業管治手冊可在本公司網站下載，也可向公司秘書索取。本公司的非執行董事並無固定任期；本公司正為其董事設計一套切合需要的入職／發展計劃；及於二零零五年初的一段短時間內主席及董事總經理的職位由同一人兼任，除此之外，本公司在其他各方面均遵守企業管治守則的守則條文。本公司在企業管治的多個範疇均超越了上市規則及企業管治守則下的要求。

在本公司年報內刊載本報告，一方面為回應上市規則的要求；另一方面，為回顧年度編製此報告，乃向股東作出披露，並就本公司的企業管治常規及其發展中的常規，邀請股東發表意見。

董事會

董事會代表股東管理本公司事務。董事認為，為股東創造增值以及本著審慎及忠誠行事，乃他們的責任。

提交董事會議決的主要事項包括：

1. 制訂營運策略、審議財務表現與業績以及內部監控系統；

The Board recognises the importance of a good and solid framework of corporate governance and it is the Directors' firm belief that sensible corporate governance practices are essential to the growth of the Group.

In November 2003, the Company released its "Corporate Governance Standards and Objectives". In November 2004, the Hong Kong Stock Exchange issued the "Code on Corporate Governance Practices" ("CG Code") which generally has taken effect for accounting periods commencing on or after 1 January 2005. The CG Code sets out the principles of good corporate governance and two levels of requirements, namely:

- Code Provisions, with which issuers are expected to comply or to give considered reasons for any deviation; and
- Recommended Best Practices, which are for guidance only, save that issuers are encouraged to comply or give reasons for deviation.

The Stock Exchange allows issuers to devise their own codes on corporate governance practices on such terms as they may consider appropriate, provided considered reasons are given for any deviation from the Code Provisions in the CG Code.

On 8 April 2005, the Board approved the Company's Corporate Governance Practice Manual ("Corporate Governance Manual") with immediate effect.

The Corporate Governance Manual incorporates almost all the Code Provisions and includes the implementation details for the Code Provisions and, where appropriate, the Recommended Best Practices. The Corporate Governance Manual can be downloaded from our website and copies are available on request to the Company Secretary. Apart from the fact that the Company's Non-Executive Directors have no fixed term of office, the Company is in the process of planning a tailored induction/development program for its directors and that the positions for Chairman and Managing Director were occupied by the same person for a short period in early 2005, the Company has complied with the Code Provision in the CG Code in all other respects. The Company has also exceeded the requirements under the Listing Rules and the CG Code in various areas of its corporate governance practices.

Whilst the inclusion of this report in the Company's annual report is made in response to the Listing Rules' requirement, the preparation of such report for the year under review is intended to disclose to our shareholders and to invite their views on the corporate governance practices of the Company and its developing practices.

The Board

The Board represents shareholders in managing the Company's affairs. The Directors recognise their responsibilities to enhance shareholder value and to conduct themselves in accordance with their duties of care and loyalty.

The major issues which are brought before the Board for their decisions include:

1. formulation of operational strategies and review of its financial performance and results and its internal control system;

2. 有關本公司主要業務及財政目標的政策；
3. 重大收購、投資、分拆、資產處置或任何重大資本開支；及
4. 向股東作出末期股息建議及宣派任何中期股息。

於截至二零零五年十二月三十一日止財政年度，董事會的成員出現兩次變動：

- (1) 鍾義先生並無於二零零五年六月二日舉行的股東週年大會上參加董事的重選連任；及
- (2) 鄭慕智先生於二零零五年十一月二十一日獲委任為獨立非執行董事。

於二零零五年十二月三十一日，董事會共有14名董事，其中6名為非執行董事，而在該6名非執行董事中，4名為獨立董事。繼本公司於二零零六年三月十日宣佈董事會成員的變動後，董事會目前由15名董事組成，包括九名非執行董事，其中四名為獨立董事。

董事會成員之間如有任何關係（包括財務、商業、家族或其他重大或相關關係）均已在本年報披露。主席與董事總經理之間並無上述關係。遵照上市規則的規定，本公司已獲每一位獨立非執行董事發出確認書，確認其獨立於本公司。本公司認為，所有獨立非執行董事均為獨立於本公司的人士。董事芳名及履歷載於本年報第42頁至第45頁。有關資料亦於本公司網站發佈。

我們十分重視獨立非執行董事的經驗與意見，以此作為集團業務方向的有效指引。本公司於二零零五年十一月委任鄭慕智先生為本公司第四名獨立非執行董事，已超出上市規則規定至少須委任三名獨立非執行董事的最低要求。我們的獨立非執行董事之中，具備適當會計資格的有兩位，亦超過上市規則的規定。於委任鄭慕智先生之後，本公司正邁向獨立非執行董事人數佔董事會成員總數至少三分之一的長遠目標。本公司正為新任董事設計一套切合需要的入職計劃，在有需要時亦將為其他董事提供持續發展計劃。本公司已委聘一間律師行為董事設計及推展入職及發展計劃。

董事會遵照本公司企業管治手冊的規定，每年最少召開四次全體會議（大約每季召開一次），審議本集團的財務表現、重大課題（不論上市規則有否規定）及其他需要董事會作出決定的事宜。

2. policies relating to key business and financial objectives of the Company;
3. material acquisitions, investments, divestments, disposal of assets or any significant capital expenditure; and
4. recommendation to shareholders on final dividend and the declaration of any interim dividends.

In the financial year ended 31 December 2005, there were two changes to the membership of the Board:

- (1) Mr. Zhong Yi did not offer himself for re-appointment as director at the annual general meeting held on 2 June 2005; and
- (2) Mr. Cheng Mo Chi was appointed as an Independent Non-Executive Director on 21 November 2005.

As at 31 December 2005, the Board comprised of 14 Directors, 6 of whom are non-executive and 4 out of the 6 Non-Executive Directors are independent. After the changes to the members of the Board as announced by the Company on 10 March 2006, the Board currently comprises of 15 directors including 9 Non-Executive Directors of whom 4 are independent. The relationships (including financial, business, family or other material or relevant relationships), if any, among members of the Board are disclosed in this Annual Report. There is no such relationship as between the Chairman and the Managing Director. Pursuant to the requirements of the Listing Rules, the Company has received written confirmation from each Independent Non-Executive Director confirming his independence to the Company. The Company considers all of the Independent Non-Executive Directors to be independent. The list of Directors and their biographies are set out on pages 42 to 45 of this Annual Report. The information is also published on the Company's website.

The experience and views of our Independent Non-Executive Directors are held in high regard and contribute to the effective direction of the Group. The Company exceeds the minimum requirements under the Listing Rules relating to the appointment of at least three Independent Non-Executive Directors with the appointment of its fourth Independent Non-Executive Director, Mr. Cheng Mo Chi, in November 2005. Two of our Independent Non-Executive Directors have appropriate accounting qualifications, this also exceeds the requirement of the Listing Rules. With the appointment of Mr. Cheng Mo Chi, the Company is moving closer towards its long term goal of maintaining the proportion of its Independent Non-Executive Directors to at least one-third of the total members of the Board. The Company is in the process of planning a tailored induction program for its newly appointed directors and, where necessary, continuing development program for the other directors. The Company has appointed a law firm to design and roll-out the induction and development programs for the Directors.

As required by the Company's Corporate Governance Manual, the full board meets at least 4 times a year at approximately quarterly intervals to review the financial performance of the Group, major issues (whether or not required by the Listing Rules) and also on other occasions when a board decision is required.

董事於二零零五年出席董事會全體會議及主要委員會會議的詳情載於下表：

Details of Directors attendance at full Board meetings and principal Board committee meetings held in 2005 are set out in the following table:

		董事會 Board		審核委員會 Audit Committee	薪酬委員會 Compensation Committee	執行委員會 Executive Committee	財務委員會 Finance Committee	提名委員會 Nomination Committee
		R	S					
非執行董事 Non-Executive Directors								
蔣 偉先生	Mr. Jiang Wei	3	1					
謝勝喜先生	Mr. Xie Shengxi							
獨立非執行董事 Independent Non-Executive Directors								
陳普芬博士	Dr. Chan Po Fun, Peter	4	6	5	2			1
黃大寧先生	Mr. Houang Tai Ninh	4	7	5	2			1
李家祥博士	Dr. Li Ka Cheung, Eric	2	4	4				
鄭慕智先生 ⁽¹⁾	Mr. Cheng Mo Chi ⁽¹⁾							
執行董事 Executive Directors								
宋 林先生	Mr. Song Lin	2	3			5	5	
陳樹林先生	Mr. Chen Shulin	4	3			15	5	
喬世波先生	Mr. Qiao Shibo	2	2			13	9	
閻 颺先生	Mr. Yan Biao	3	2		2	15	7	1
姜智宏先生	Mr. Keung Chi Wang, Ralph	4	9		2	11	8	1
劉百成先生	Mr. Lau Pak Shing	1						
王 群先生	Mr. Wang Qun							
鄭文謙先生	Mr. Kwong Man Him	4	6			13		
鍾 義先生 ⁽²⁾	Mr. Zhong Yi ⁽²⁾					3		
二零零五年度的開會次數： Total No. of meetings held in 2005:		13		5	2	15	9	1

R：例會 Regular Meeting

S：特別會議 Special Meeting

(1) 鄭慕智先生於二零零五年十一月二十一日獲委任為獨立非執行董事，而於其獲委任日期之後再無於二零零五年召開董事會會議。

Mr. Cheng Mo Chi, was appointed as an Independent Non-Executive Director on 21 November 2005 and there was no other board meeting held in 2005 after his date of appointment.

(2) 鍾義先生的董事任期至二零零五年六月二日止，他並無於當日舉行的股東週年大會上參加重選連任。

Mr. Zhong Yi was a director up to 2 June 2005 as he did not offer himself for re-election at the annual general meeting held on that date.

標準守則與道德守則

董事於二零零五年十二月三十一日持有本公司證券權益情況，在本年報第55頁至第79頁的董事會報告中披露。二零零五年四月八日，本公司編制了道德與證券交易守則（以下簡稱「道德守則」），將上市規則附錄十所載標準守則（以下簡稱「標準守則」）包含其內。道德守則內的證券交易禁制及披露規定也適用於可接觸本集團股價敏感資料的個別指定人士，包括本集團高級管理人員及高層人士。我們的道德守則條款的嚴格性，不低於標準守則所要求的標準。經

Model Code and Code of Ethics

The interests in the Company's securities held by the Directors as at 31 December 2005 are disclosed in the Report of the Directors on pages 55 to 79 of this Annual Report. On 8 April 2005, the Company adopted a Code of Ethics and Securities Transactions ("Code of Ethics") which incorporates the Model Code ("Model Code") set out in Appendix 10 of the Listing Rules. The prohibitions on securities dealing and disclosure requirements in our Code of Ethics also apply to specified individuals which include the Group's senior management and persons who are privy to price sensitive information of the Group. Our Code of Ethics is on terms no less exacting than the required standard

本公司查詢後，全體董事已確認截至二零零五年十二月三十一日止的年度內一直遵守道德守則中所列載的指定準則。

主席與董事總經理角色的區分

主席及董事總經理的職位分別由宋林先生及陳樹林先生擔任。

宋林先生是在寧高寧先生於二零零四年十二月三十日呈辭之後立即接任主席職務。鑒於宋先生的職務調動，陳樹林先生獲委任為本公司董事總經理，由二零零五年三月八日起生效。

劃分主席及董事總經理的職務可確保主席管理董事會的責任與董事總經理管理本公司業務的責任得到清晰的區分。主席及董事總經理各自的職責已分別詳載在企業管治手冊中。

委任董事

董事知悉，他們須共同及個別地對股東承擔責任，確保本公司的好運作與成功經營。董事有責任以良好誠信行事以及尋求本公司之最佳利益，並需擁有適用於本集團業務的足夠才幹與經驗。董事會已成立提名委員會，成員包括三名獨立非執行董事（即黃大寧先生（主席）、陳普芬博士及李家祥博士）及主管人力資源的執行董事。提名委員會的職責包括檢討董事會的結構、人數及組成，並在完成檢討後作出建議，以及評估候選董事的資歷和是否適合任職。提名委員會的建議將提交董事會考慮及視乎情況予以採納。提名委員會的職權範圍列明其職責及工作程序已上載於本公司網站，以供查閱。於二零零五年，提名委員會曾就研究委任新董事而召開一次會議。

所有董事（包括執行董事及非執行董事）均沒有固定任期。董事會認為，指定任期意義不大。董事會擬保持充分的靈活性，以組織一個能夠滿足本集團需求的董事會班子。本公司組織章程細則規定，每年需有三分之一的董事（包括執行董事及非執行董事）退任及每位董事每三年必須退任一次。每年退任的董事，必須為董事會於年內委任的董事，以及自獲選或重選以來在任最長的董事。退任董事可重選連任。

set out in the Model Code. All Directors have confirmed, following specific enquiry by the Company, that throughout the year ended 31 December 2005, they complied with the required standard set out in the Code of Ethics.

Separate roles of Chairman and Managing Director

The posts of the Chairman and the Managing Director are held separately by Mr. Song Lin and Mr. Chen Shulin, respectively.

Mr. Song Lin assumed the Chairman's position immediately after the resignation of Mr. Ning Gaoning on 30 December 2004. On realignment of Mr. Song's duties, Mr. Chen Shulin was appointed as the Managing Director of the Company as from 8 March 2005.

The segregation of duties of the Chairman and the Managing Director ensures a clear distinction in the Chairman's responsibility to manage the Board and the Managing Director's responsibility to manage the Company's business. The respective responsibilities of the Chairman and the Managing Director are more fully set out in the Corporate Governance Manual.

Appointment of Directors

The Directors are aware of their collective and individual responsibilities to its shareholders for the well-being and success of the Company. A director has a duty to act in good faith and best interests of the Company and needs to have sufficient caliber and experience appropriate for the businesses of the Group. The Board has established a Nomination Committee which comprises of three Independent Non-Executive Directors, namely, Mr. Houang Tai Ninh (chairman), Dr. Chan Po Fun, Peter and Dr. Li Ka Cheung, Eric, and the Executive Director responsible for human resources. The duties of the Nomination Committee include reviewing the structure, size and composition of the Board and to make recommendation after such review and to assess the suitability and qualification of any proposed director candidate. The recommendations of the Nomination Committee are then put forward for consideration and adoption, where appropriate, by the Board. The terms of reference of the Nomination Committee which sets out its duties and procedures are available on the Company's website. During 2005, the Nomination Committee met one time to discuss the appointment of new director.

All Directors (including Executive and Non-Executive Directors) are not appointed for a fixed term. The Board does not believe in any arbitrary term of office. The Board would like to retain sufficient flexibility to organise the composition of the Board to service the needs of the Group. The Articles of Association of the Company requires that one-third of the Directors (including Executive and Non-Executive Directors) shall retire each year and every director shall be subject to retirement by rotation at least once every three years. The Directors who are required to retire each year shall be those appointed by the Board during the year and those who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

董事會授權

雖然董事會於任何時間均須肩負指引及監察本公司的責任，但亦可按如下方式將若干責任下放：

- (a) 委員會 — 董事會成立了不同性質的委員會司職本公司若干特定職能。主要的委員會包括執行委員會、財務委員會、審核委員會、提名委員會及薪酬委員會。此等主要委員會的職權範圍列明各自的職責、功能及組成均已詳載於企業管治手冊中，亦已上載本公司的網站，以供查閱；
- (b) 董事總經理 — 本公司業務的日常管理工作交由董事總經理處理，而董事總經理則須向董事會負責；及
- (c) 若干涉及企業及營運管理的工作在董事會明確界定權責下交由本公司的高層管理人員負責。

董事及高層管理人員薪酬

本公司的薪酬政策的要旨如下：

- 任何個別人員均不得自行釐定其自身的薪酬；
- 本公司提供的薪酬應與跟本公司競逐人力資源的公司所提供之薪酬大致相若；
- 本公司制訂薪酬政策，應以吸引本集團成功運作所需行政人員留效、策勵行政人員追求適當的增長策略為目標，同時將個別人員的表現考慮在內。除達到上述目標所需要外，本集團應避免付出過高的薪酬；
- 薪酬應反映個別人員的表現、職務的複雜性及責任；及
- 在適當情況下，薪酬方案應包括工資、獎金及購股權，以激勵董事及高層管理人員提升其個人表現。

薪酬委員會

董事會已成立薪酬委員會，目前成員包括三名獨立非執行董事（即陳普芬博士（主席）、黃大寧先生及李家祥博士）及主管人力資源的董事。薪酬委員會的職責包括就本公司有關其董事及高層管理人員的薪酬政策及架構向董事會提供建議；就發展薪酬政策確立正規及具透明度的程序；以及為全體董事及高層管理人員釐訂薪酬方案。薪酬委員會的職權範圍列明其職責及工作程序已上載於本公司網站，以供查閱。於回顧年度內，薪酬委員會曾就研究及批准董事和高層管理人員的薪酬方案而召開兩次會議。

Delegation by the Board

While the Board retains at all times full responsibility for guiding and monitoring the Company, certain responsibilities of the Board are delegated as follows:

- (a) Committees — various committees have been established by the Board to administer certain specified functions of the Company's affairs. The main committees include: the Executive Committee, the Finance Committee, the Audit Committee, the Nomination Committee and the Compensation Committee. The terms of reference of these main committees which set out, among other things, the duties, functions and composition of these committees are set out in the Corporate Governance Manual and are available on the Company's website;
- (b) Managing Director — the day-to-day management of the Company's business is delegated to the Managing Director who is accountable to the Board; and
- (c) certain responsibilities of corporate and operating management are delegated to senior management of the Company within the parameters as specified by the Board.

Remuneration of Directors and senior management

The main elements of the Company's remuneration policy are:

- no individual should determine his or her own remuneration;
- remuneration should be broadly aligned with companies with whom the Company competes for human resources;
- the Company should aim to design policies that attract and retain executives needed to run the Group successfully and to motivate executives to pursue appropriate growth strategies whilst taking into account performance of the individual and the Group shall avoid paying more than necessary for such purpose;
- remuneration should reflect performance, complexity and responsibility of the individual; and
- the remuneration package will be structured to include, where appropriate, salary, bonus and share options to provide incentives to Directors and senior management to improve their individual performance.

Compensation Committee

The Board has established a Compensation Committee currently comprised of three Independent Non-Executive Directors, namely, Dr. Chan Po Fun, Peter (Chairman), Mr. Houang Tai Ninh and Dr. Li Ka Cheung, Eric and the Director responsible for human resources. The duties of the Compensation Committee include making recommendations to the Board on the Company's policy and structure of remuneration of Directors and senior management, establish a formal and transparent procedure for developing policy on remuneration and determine the specific remuneration packages for all directors and senior management. The terms of reference of the Compensation Committee which set out its duties and procedures are available on the Company's website. During the year under review, the Committee met two times to discuss and approve remuneration packages for various Directors and senior management.

問責、審核及內部監控

董事負責監督各財政期間賬目的編製。財務報表的編製與呈列方式，應有助於對本集團的財政狀況與前景作出清晰均衡的評估。

有關本集團各業務單位之財政狀況與前景的定期管理報告由執行委員會審議，以讓董事會在掌握實際情況之下對本公司的業務表現作出評估。

本集團自二零零二年十一月開始發佈季度財務摘要及營運回顧，讓股東評估本集團的經營與表現。

本公司核數師就本公司的財務報表的申報責任聲明已載於第80頁核數師報告內。

審核委員會

董事會已成立審核委員會，目前成員包括三名獨立非執行董事（即李家祥博士（主席）、陳普芬博士及黃大寧先生），其中兩名成員擁有合適的專業資格或具備會計或財務管理方面的相關專長。該委員會並無成員身為本公司前任或現任核數師的職員。上市規則規定審核委員會的大多數成員必須為獨立人士，且其中一人必須具備合適的專業資格；本公司審核委員會的成員已超出上市規則的要求。委員會的現有職權範圍是以香港會計師公會發出的「審核委員會有效運作指引」作為藍本，並採納企業管治常規中的各項原則。

審核委員會的職責包括考慮委任、續任及撤換外聘核數師並向董事會提供建議；審閱本公司的財務資料；及監察本公司的財務申報系統和內部監控程序。於回顧年度，審核委員會曾就（其中包括）審閱本集團的全年及半年業績以及季度財務摘要召開5次會議。

審核委員會已考慮本公司核數師的表現及獨立性。審核委員會得出的結論是為本集團進行非審核服務無損本公司核數師的獨立性。於回顧年度，向本公司核數師支付的核數費約達港幣16,200,000元（二零零四年：約港幣13,600,000元），而就盡職調查及秘書服務等非審核服務所支付的費用則約達港幣533,000元（二零零四年：約港幣3,400,000元）。

Accountability, Audit and Internal Control

The Directors are responsible for overseeing the preparation of the accounts of each financial period. The financial statements are prepared and presented to enable a clear and balanced assessment of its financial position and prospects of the Group.

Regular management reports on the financial position and prospects of each business unit of the Group are reviewed by the Executive Committee to enable the Board to make an informed assessment of the performance of the Company.

Since November 2002, to enable the shareholders to appraise the operations and performance of the Group, the Group has been releasing quarterly financial highlights and operational review.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the Report of the Auditors on page 80.

Audit Committee

The Board has established an Audit Committee currently comprised of three Independent Non-Executive Directors, namely, Dr. Li Ka Cheung, Eric (Chairman), Dr. Chan Po Fun, Peter and Mr. Houang Tai Ninh. Two of its members have appropriate professional qualifications or accounting or related financial management expertise. No member of this Committee is a member of the former or existing auditors of the Company. The membership of the Audit Committee has exceeded the Listing Rules' requirement that the majority of its members must be independent and one of whom must have appropriate professional qualifications. The existing terms of reference of the Committee is modeled on "A Guide for Effective Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants and has also adopted the principles set out in the CG Code.

The duties of the Audit Committee include considering and making recommendation to the Board on the appointment, re-appointment and removal of external auditor, review the Company's financial information and oversight of the Company's financial report system and internal control procedure. During the year under review, the Audit Committee met 5 times to, among other things, review the annual and half-yearly results and the quarterly financial highlights of the Group.

The Audit Committee has considered the performance and independence of the auditors of the Company. The Audit Committee concludes that the independence of the auditors of the Company has not been compromised by non-audit services performed for the Group. During the year under review, audit fees paid to the Company's auditors amounted to approximately HK\$16.2 million (2004: approximately HK\$13.6 million); fees related to non-audit services for due diligence and secretarial service amounted to approximately HK\$533,000 (2004: approximately HK\$3.4 million).

內部監控

董事會有責任確保公司整體的內部監控系統能充分發揮效用。內審部對系統的有效性進行定期檢討，並向董事總經理、董事會及審核委員會匯報重要的檢討結果。

內審部的職能詳列於企業管治手冊中。

企業傳訊

本公司致力於採取開誠佈公的態度，定期與股東溝通，及向他們作出所需的資料披露。股東必須得到準確與公平的資料披露，方能自行對本集團的經營與表現作出判斷。

根據本公司上述的政策，有關公開披露資料的合理問題，均應獲得合理的回應。就此而言，專責投資者關係職能的企業策劃及發展部，將負責回應這類股東及分析員的查詢。

我們的股東、投資者、新舊夥伴及交易方，也可以從我們的網站獲得有關本公司企業管治常規的資料。任何人士如需網站所載資料的印行本，可致函本公司的公司秘書免費索取。

承董事會命
董事總經理
陳樹林

香港，二零零六年四月六日

Internal Control

The Board has the overall responsibility for maintaining an adequate system of internal controls. The Internal Audit Department has been conducting regular review of the system's effectiveness and reports to the Managing Director, the Board and the Audit Committee on its material findings.

The functions of the Internal Audit Department are set out in full in the Corporate Governance Manual.

Corporate Communication

The Company is committed to a policy of open and regular communication and fair disclosures of information to its shareholders. Accurate and fair disclosures are necessary for shareholders to form their own judgment on the operation and performance of the Group.

Based on the Company's aforesaid policy, legitimate questions arising from generally disclosed information deserves a reasonable reply; the Corporate Planning and Development Department is responsible for investor relations functions and will respond to such shareholders' and analysts' enquiries.

Our website provides our shareholders, investors, existing and prospective partners and counterparties with information on the Company's corporate governance practices. Any party who desires to have hard copies of information maintained at our website may write to the Company Secretary for free copies.

For and on behalf of the Board
CHEN SHULIN
Managing Director

Hong Kong, 6 April 2006