

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31st December, 2005.

Good corporate governance has always been recognized as vital to the Group's success and to sustain development of the Group. We commit ourselves to a high standard of corporate governance as an essential component of quality and have introduced corporate governance practices appropriate to the conduct and growth of its business.

The Company recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs.

The Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") as promulgated by The Stock Exchange of Hong Kong Limited ("Stock Exchange") came into effect for accounting periods commencing on 1st January, 2005 (save for the provisions on internal controls which came into effect for accounting periods commencing from 1st July, 2005 onwards).

The Company has adopted various measures to ensure a high standard of corporate governance is maintained and has put in place corporate governance practices to meet the Code Provisions that are considered to be relevant to the Group.

Throughout the year under review ended 31st December, 2005, the Company has complied with the Code Provisions set out in the CG Code, save for:

#### Code Provision A.2.1

- Code Provision A.2.1 stipulates that the division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

董事會欣然提交載於本集團截至二零零五年十二月三十一日止年度報告之企業管治報告。

良好之企業管治一貫被視作為本集團成功及持續發展之關鍵。董事會將企業管治之高標準當作為企業質素之基本組成部分並採納適合於其業務經營及業務增長之企業管治慣例。

本公司確認良好之企業管治對本公司穩健增長具有重要性，並已作出多項努力以確定並編製適合本公司需要之企業管治慣例。

香港聯合交易所有限公司（「聯交所」）頒佈之香港聯合交易所有限公司證券上市規則附錄14所載之企業管治常規守則（「企業管治守則」）已於二零零五年一月一日開始之會計期間生效（惟內部監控之條文除外，該條文於二零零五年七月一日以後開始之會計期間生效）。

本公司已採納各種措施確保維持企業管治之高標準並已實施企業管治慣例以符合與本集團相關之守則條文。

於截至二零零五年十二月三十一日止之回顧年度內，本公司已遵守企業管治守則內所載之守則條文，惟以下各項除外：

#### 守則條文A.2.1條

- 守則條文A.2.1條規定清楚地制定主席與行政總裁之職責範圍，並以書面列出。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

- There is no written terms on division of responsibilities between the Chairman and the Chief executive officer. The Board of Directors considers that the responsibilities of the Chairman and Chief executive officer respectively are clear and distinctive and hence written terms thereof are not necessary.

### Code Provision A.4.2

- Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.
- In accordance with the relevant provision of the Company's Articles of Association, Directors appointed to fill a casual vacancy are subject to re-election at next annual general meeting.

### Code Provisions B.1.3 and C.3.3

- Code Provisions B.1.3 and C.3.3 stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective provisions.
- The terms of reference of the Remuneration Committee and the Audit Committee of the Company have been revised in May, 2005 to comply with the above Code Provisions with certain deviations. A major deviation from the Code Provision B.1.3 is that the Remuneration Committee of the Company should, pursuant to its revised terms of reference, review (as opposed to determine under the Code Provision) and make recommendations to the Board on the remuneration packages of the executive Directors only but not senior management.

The Company regularly reviews its organisational structure to ensure that operations are conducted in accordance with the standards of the CG Code.

- 本公司並無書面列出主席與行政總裁之職責範圍。董事會認為，主席與行政總裁各自之職責均有明確界定，故毋須編製彼等之書面職權範圍。

### 守則條文A.4.2條

- 守則條文A.4.2條規定所有為填補臨時空缺而獲委任之董事須於委任後之首次股東大會上接受股東選舉。
- 根據本公司組織章程之有關規定，填補臨時空缺而獲委任之董事須於下屆股東週年大會上重選。

### 守則條文B.1.3條及C.3.3條

- 守則條文B.1.3條及C.3.3條規定薪酬委員會及審核委員會之職權範圍最低限度包括有關條文所載之特定職責。
- 本公司已於二零零五年五月修訂薪酬委員會及審核委員會之職權範圍，以符合上述守則條文，惟有若干偏離。主要之偏離為守則條文B.1.3條規定本公司薪酬委員會應根據經修訂之職權範圍，僅就執行董事（而非就高級管理層）之薪酬進行檢討（守則條文則規定為釐定）及向董事會作出建議。

本公司定期檢討其組織架構以確保根據企業管治守則之標準經營業務。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The key corporate governance principles and practices of the Company are summarised as follows:

### THE BOARD

#### *Responsibilities*

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The senior management were delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated to these Board committees various responsibilities set out in their terms of reference respectively.

The Board takes responsibility for all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and objectives, annual budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial matters, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has the full support of the Chief Executive Officer and the senior management to discharge its responsibilities.

本公司之核心企業管治原則及慣例概述如下：

### 董事會

#### 責任

董事會負責領導及統管本公司並監察本集團業務、策略性決定及表現。董事會向高級管理人員轉授本集團日常管理及經營之權力及責任。此外，董事會轄下亦已設立委員會，並向該等委員會轉授其各自職權範圍載列之各項責任。

董事會為本公司所有重大事項負責，包括批准及監察所有政策事項、總體策略及目標、年度預算、內部監控及風險管理制度、重大交易（尤其是可能涉及利益衝突之交易）、財務事項、董事之委任以及其他重大財務及經營事項。

所有董事均可充分和準時獲取所有相關資料及公司秘書之建議及服務，以確保遵守董事會處事程序及所有適用之規則及規例。

每位董事一般可於適當情況下向董事會提出要求尋求獨立專業人士意見，並由本公司支付開支。

本公司之日常管理、行政管理及營運均轉授予行政總裁及高級管理層。董事會定期檢討有關職能及工作任務。上述高級職員進行任何重大交易前須獲取董事會之批准。

董事會於行政總裁及高級管理層充分支持下履行其責任。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board of the Company comprises the following Directors:

#### Executive Directors:

Hui Sum Kwok – *Chairman*

Hui Sum Ping – *Vice Chairman*

Hui Sum Tai – *Chief Executive Officer*

Wong Wing Por

Hui Yuen Li – *Company Secretary and Member of Remuneration Committee*

#### Independent Non-executive Directors:

Liu Kwok Fai, Alvan – *Chairman of Audit Committee*

Chee Man Sang, Eric – *Member of Audit Committee and Chairman of Remuneration Committee*

Wong Chu Leung – *Member of Audit Committee and Remuneration Committee*

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The relationships among the members of the Board are disclosed under "Management Profile" on page 12.

During the year ended 31st December, 2005, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

### 董事會組成

董事會之組成體現了本公司有效領導之合適技巧和經驗與獨立作出決策之間之平衡。

本公司董事會由以下董事組成：

#### 執行董事：

許森國 – 主席

許森平 – 副主席

許森泰 – 行政總裁

王榮波

許婉莉 – 公司秘書兼薪酬委員會成員

#### 獨立非執行董事：

廖國輝 – 審核委員會主席

池民生 – 審核委員會成員兼薪酬委員會主席

黃珠亮 – 審核委員會及薪酬委員會成員

董事名單(分類)亦根據上市規則於本公司不時公佈之所有公司通函中予以披露。

董事會成員之間之關係已於第12頁「管理層履歷」披露。

於截至二零零五年十二月三十一日止年度，董事會一直遵守上市規則有關委任最少三名獨立非執行董事，其中最少一名獨立非執行董事擁有適當專業資格或會計或相關財務管理專長之規定。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all non-executive Directors make various contributions to the effective direction of the Company.

### *Appointment and Succession Planning of Directors*

The Company has established formal, considered and transparent procedures for the appointment and succession planning of directors.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment of directors and assessing the independence of independent non-executive directors.

Each of the non-executive Directors of the Company are appointed for a specific term. All the Directors of the Company, including those appointed for a specific term, shall be subject to retirement by rotation once every three years.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. The Company's Articles of Association deviate from Code Provision A.4.2 of the CG Code which provides that any new director appointed by the Board during the year shall hold office until the next following annual general meeting after appointment, and he/she shall be eligible for re-election.

本公司已收到每位獨立非執行董事根據上市規則須保持獨立性之年度書面確認函。本公司認為，根據上市規則載列之獨立性指引，所有獨立非執行董事均為獨立。

非執行董事以廣泛之商業及財務專長、經驗及獨立判斷為董事會作出貢獻。所有非執行董事透過積極參加董事會會議，於涉及潛在利益衝突之管理問題上發揮領導作用並服務於董事會轄下之委員會，為有效管理本公司作出各種貢獻。

### *董事之委任及接任計劃*

本公司已就董事之委任及接任計劃確立經審慎考慮而高透明度之正式程序。

董事委任、重選及罷免之程序及過程已於本公司組織章程細則內作出規定。董事會作為一個整體負責審議董事會組成、制定並編製董事提名及委任之相關程序、監察董事之委任並評核獨立非執行董事之獨立性。

本公司每位非執行董事之委任均有特定任期。本公司所有董事，包括獲委任有特定任期之董事須每三年輪值退任一次。

守則條文A.4.2條規定所有獲委任填補臨時空缺之董事須於其獲委任後下次股東週年大會上接受股東選舉。本公司組織章程細則偏離企業管治守則之守則條文A.4.2條之規定，即年內獲董事會委任之任何新董事須任職至其獲委任後舉行之股東週年大會時為止，且彼有資格接受重選。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Board reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company.

Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

In accordance with the Company's Articles of Association, Messrs Hui Sum Kwok, Liu Kwok Fai, Alvan and Chee Man Sang, Eric shall retire by rotation and being eligible, offer themselves for re-election at the next forthcoming annual general meeting.

The Board recommended the re-appointment of the Directors standing for re-election at the forthcoming annual general meeting of the Company.

The Company's circular dated 28th April, 2006 contains detailed information of the Directors standing for re-election.

### *Training for Directors*

No director was appointed during the year ended 31st December, 2005. According to the current corporate governance practices of the Company, a newly appointed director will receive comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules, the other relevant regulatory requirements and the business policies of the Company.

There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary.

董事會定期檢討其本身架構、規模及組成，以確保適合於本公司業務需要之技巧、技能及經驗之平衡。

倘若董事會出現空缺，董事會經考慮候選人之技能、經驗、專業知識、個人品格及可付出時間、本公司之需要及其他相關法例要求及規定後進行挑選。有需要時可能聘用外部招聘代理機構進行招聘及挑選程序。

根據本公司組織章程細則之規定，許森國先生、廖國輝先生及池民生先生須於下屆股東週年大會上輪值退任並有資格接受重選。

董事會建議再次被委任之董事須於下屆股東週年大會上接受重選。

本公司於二零零六年四月二十八日發出之通函已載列接受重選之董事之詳細資料。

### *董事之培訓*

於截至二零零五年十二月三十一日止年度，本公司並無委任董事。根據本公司目前之企業管治慣例，新獲委任之董事須於其首次獲委任時接受全面、正式及因應個別董事而設計之入職培訓，以確保彼適當瞭解本公司業務及經營及充分明白上市規則規定其須承擔之責任及義務、其他相關監管規定及本公司業務政策。

本公司亦作出安排於需要時向董事提供持續資訊及專業發展計劃。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Board Meetings

#### Number of Meetings and Directors' Attendance

Regular Board meetings are held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year ended 31st December, 2005, four regular Board meetings were held and the attendance rate was 100%.

The individual attendance record of each Director at the meetings of the Board, Remuneration Committee and Audit Committee during the year ended 31st December, 2005 is set out below:

### 董事會會議

#### 會議次數及董事出席率

董事會定期開會，至少每年四次，大約每季度一次，以檢討及批准財務及經營業績並審議及批准本公司總體策略及政策。

於截至二零零五年十二月三十一日止年度，董事會已舉行四次定期會議，董事之出席率為100%。

截至二零零五年十二月三十一日止年度董事會、薪酬委員會及審核委員會會議每位董事之個人出席記錄載列如下：

#### Attendance/Number of Meetings 會議出席率及次數

Name of Directors 董事姓名		Attendance/Number of Meetings 會議出席率及次數		
		Board 董事會	Remuneration Committee 薪酬委員會	Audit Committee 審核委員會
Hui Sum Kwok	許森國	4	N/A 不適用	2
Hui Sum Ping	許森平	4	N/A 不適用	2
Hui Sum Tai	許森泰	4	N/A 不適用	2
Wong Wing Por	王榮波	4	N/A 不適用	2
Hui Yuen Li	許婉莉	4	1	3
Liu Kwok Fai, Alvan	廖國輝	4	N/A 不適用	3
Chee Man Sang, Eric	池民生	4	1	3
Wong Chu Leung	黃珠亮	4	1	3

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### *Practices and Conduct of Meetings*

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chief Executive Officer, Qualified Accountant and Company Secretary attend all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Articles of Association also contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

### *舉行會議之常規*

全年會議時間表及每次會議草擬議程一般會事先向董事提供。

舉行會議前至少提前14日向所有董事送交董事會定期會議通知。至於其他董事會及委員會會議，在一般情況下亦給予合理通知。

每次董事會會議或委員會會議前至少提前3日向所有董事寄發董事會文件連同所有適當、完整及可靠資料，以便董事瞭解本公司最新發展及財政狀況及使董事在知情情況下作出決定。於需要時，董事會及每位董事亦可單獨及獨立地聯絡高級管理層。

行政總裁、合資格會計師及公司秘書出席所有定期董事會會議，且於需要時出席其他董事會及委員會會議，就本公司業務發展、財務及會計事項、遵守法規事宜、企業管治及其他重大事項提供意見。

公司秘書負責所有董事會會議及委員會會議記錄並保存有關記錄。每次會議後通常於合理時間內交由董事傳閱記錄草稿並發表意見，其定稿可供董事查閱。

根據目前董事會之慣例，涉及主要股東或董事之利益衝突之任何重大交易將由董事會於正式召開之董事會會議上審議及處理。本公司組織章程細則亦載有有關規定，要求有關董事於批准彼等或其任何聯繫人士擁有重大利益之交易時放棄投票並不計入會議法定人數。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of the Chairman and Chief Executive Officer are held by two different persons in order to maintain an effective segregation of duties, independence and a balanced judgement of views. The Chairman of the Board is Mr Hui Sum Kwok and the Chief Executive Officer is Mr Hui Sum Tai.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings, and that all key and appropriate issues are discussed by the Board in a timely manner.

The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He has the executive responsibilities over the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

The Board of Directors considers that the responsibilities of the Chairman and Chief Executive Officer respectively are clear and distinctive and no written terms on division of responsibilities between Chairman and the Chief Executive Officer are necessary. This deviates from the Code Provision A.2.1 of the CG Code which stipulates that the division of responsibilities between chairman and chief executive officer should be established and set out in writing.

### 主席及行政總裁

主席及行政總裁之職位分別由兩位不同人士擔任，以便保持職責有效地區分、獨立性及作出判斷時有平衡意見。董事會主席為許森國先生，而行政總裁為許森泰先生。

主席根據良好企業管治慣例發揮領導作用並負責董事會之有效運作。主席在高級管理層協助下亦負責確保董事能及時收到充分、完整及可靠資料並適當通報董事會會議上產生之事項，以及董事會能及時討論所有核心及適當之事項。

行政總裁主要負責執行董事會之目標及董事會已批准及轉授之政策及策略。彼負責本公司日常管理及營運之行政工作。行政總裁亦負責制定發展策略計劃及制訂組織架構、監控制度及內部程序及過程供董事會批准。

董事會認為，主席與行政總裁各自之職責均有清楚及明確界定，故毋須以書面劃分兩者之職權範圍。此舉偏離企業管治守則之守則條文A.2.1條，該條文規定清楚地制定主席與行政總裁之職責範圍，並以書面列出。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD COMMITTEES

The Board has established two committees, namely, the Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. The Board committees of the Company are established with defined written terms of reference.

The majority of the members of the Board committees are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

#### *Remuneration Committee*

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive Directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive Directors and other related matters. The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

### 董事會轄下委員會

董事會已設立兩個委員會，即薪酬委員會及審核委員會，以監察本公司特定事務。本公司董事會轄下委員會訂有特定書面職權範圍。

董事會轄下委員會大部分成員為獨立非執行董事，而每個董事會轄下委員會之主席及成員名單載於第2頁「公司資料」內。

董事會轄下委員會獲提供足夠資源以履行其職責，並可在提出合理要求時於適當情況下尋求獨立專業人士意見，由本公司承擔開支。

#### *薪酬委員會*

薪酬委員會之主要目標包括就本公司之薪酬政策及架構提出建議並批准執行董事之薪酬。薪酬委員會亦負責建立制定該等薪酬政策及架構之透明程序，以確保董事或其任何聯繫人士不會參加決定根據個人及本公司表現以及市場慣例及條件而釐定其本身之薪酬。

薪酬委員會通常為檢討本公司之薪酬政策及架構以及釐定執行董事之年度薪酬及其他相關事項而舉行會議。人力資源部負責收集及管理人力資源資料並向薪酬委員會提出建議，以供其審議。薪酬委員會亦就有關薪酬政策及架構及薪酬之建議徵求本公司主席及/或行政總裁意見。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Remuneration Committee met once during the year ended 31st December, 2005 and reviewed the remuneration policy and structure of the Company and remuneration packages of the executive Directors for the year under review.

Under the written terms of reference of the Remuneration Committee of the Company, the remuneration of the senior management of the Company is not considered by the Remuneration Committee and this deviates from the Code Provision B.1.3 of the CG Code. Currently, the remuneration of the senior management is attended by the Chairman and/or Chief Executive Officer of the Company.

### Audit Committee

The Audit Committee comprises three independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise) namely Messrs Liu Kwok Fai, Alvan, Chee Man Sang, Eric and Wong Chu Leung. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- (a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer (if any), internal auditor or external auditors before submission to the Board.
- (b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.
- (c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

薪酬委員會於截至二零零五年十二月三十一日止年度舉行一次會議，審議回顧年度本公司薪酬政策及架構以及執行董事之薪酬。

根據本公司薪酬委員會之書面職權範圍，薪酬委員會不會審議本公司高級管理層之薪酬，而此舉偏離企業管治守則之守則條文B.1.3條之規定。目前，高級管理層薪酬由主席及/或行政總裁負責釐定。

### 審核委員會

審核委員會由三名獨立非執行董事(包括一名擁有適當專業資格或會計或相關財務管理技巧之獨立非執行董事)組成，即廖國輝先生、池民生先生及黃珠亮先生。概無審核委員會成員曾為本公司現有外聘核數師之前任合夥人。

審核委員會之主要職責包括以下各項：

- (a) 向董事會提交由合資格會計師、監察主任(如有)、內部核數師或外聘核數師提交之財務報表及報告前，審閱該等財務報表及報告以及審議彼等所提出任何重大或不尋常事項。
- (b) 根據外聘核數師之工作檢討與外聘核數師之關係、其費用及聘用條款並就外聘核數師之委任、重新委任及免職向董事會提出建議。
- (c) 檢討本公司財務申報制度、內部監控制度、風險管理制度及相關之程序是否充分及有效。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Audit Committee held three meetings during the year ended 31st December, 2005 to review the financial results and reports, financial reporting and compliance procedures, report of Internal Auditor on the Company's internal control and risk management review and processes and the re-appointment of the external auditors.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Audit Committee has not taken a different view from the Board regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31st December, 2005 has been reviewed by the Audit Committee.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct for securities transactions by Directors (the "Own Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Own Code throughout the year ended 31st December, 2005.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

審核委員會於截至二零零五年十二月三十一日止年度舉行三次會議，審議財務業績及報告、財務申報及合規程序、內部核數師有關本公司內部監控及風險管理之審核及程序之報告以及重新委任外聘核數師事宜。

本公司概無涉及可能對本公司作為持續經營企業之持續經營能力產生重大疑問之事項或條件之重大不明朗因素。

就外聘核數師之遴選、委任、辭任或解聘而言，審核委員會與董事會並無不同看法。

審核委員會已檢討本公司截至二零零五年十二月三十一日止年度業績。

### 證券交易標準守則

本公司已採納其條款嚴格程度不低於上市規則附錄10載列之上市發行人董事進行證券交易標準守則（「標準守則」）載列之所規定標準之本身董事證券交易守則（「本身守則」）。

已向所有董事作出具體查詢並獲其確認，彼等已於截至二零零五年十二月三十一日止年度遵守本身守則。

本公司亦就可能獲得本公司未經公布價格敏感資料之僱員進行證券交易訂立其條款嚴格程度不低於標準守則之書面指引（「僱員書面指引」）。

就本公司所知，並無僱員未遵守僱員書面指引之事件。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31st December, 2005.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Auditors' Report" on page 50.

### AUDITORS' REMUNERATION

The remuneration payable/paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31st December, 2005 amounted to HK\$830,000 and HK\$259,000 respectively.

### INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets, and reviewing the effectiveness of such on an annual basis through the Audit Committee.

The Company has developed its systems of internal control and risk management. The internal control framework also provides for identification and management of risk.

During the year under review, the Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Company.

### 與財務報表相關之責任

董事會負責對上市規則及其他監管規定下所規定之年報及中期報告、價格敏感公告及其他披露資料作出平衡、清楚及易懂之評估。

董事確認其編製截至二零零五年十二月三十一日止年度本公司財務報表之責任。

本公司外聘核數師有關其申報財務報表之責任之聲明載於第50頁「核數師報告」內。

### 核數師酬金

本公司因於截至二零零五年十二月三十一日止年度之核數服務及非核數服務而應付／已付外聘核數師之酬金分別為830,000港元及259,000港元。

### 內部監控

董事會負責維持足夠之內部監控制度，以保護股東投資及本公司資產，並每年透過審核委員會檢討該等制度是否有效。

本公司已制定其內部監控及風險管理制度。內部監控之架構亦包括風險識別及管理。

於回顧年度，董事會已透過審核委員會檢討本公司內部監控制度是否有效。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Articles of Association. Details of such rights to demand a poll and the poll procedures are included in all circulars to shareholders and will be explained during the proceedings of meetings.

Poll results will be published in newspapers on the business day following the shareholders' meeting and posted on the website of the Stock Exchange.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee and Remuneration Committee, or in their absence, other members of the respective committees, and where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

### 股東權利及投資者關係

本公司組織章程細則已載列股東於股東大會上要求以投票方式表決決議案之權利及程序。要求以投票方式表決之該等權利及以投票方式表決之程序之詳情已納入交予股東之所有通函並於會議議事期間予以解釋。

以投票方式表決之結果將於股東會議後之營業日刊載於報章上並張貼於聯交所網頁內。

本公司股東大會提供股東與董事會溝通之機會。董事會主席以及審核委員會主席及薪酬委員會主席(或於其缺席時相關委員會其他成員)及董事會轄下之獨立委員會主席(如有)將出席股東會議,以回答問題。

股東大會上就重大問題提出獨立決議案,包括個別董事之選舉。