

Corporate Governance Report 企業管治報告

For the year ended 31 December 2006 截至二零零六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)

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

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.

The Board has 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)

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。

董事會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。

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告退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 28.

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 6 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28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6。

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.

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.

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。

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。

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ATTENDANCE RECORD AT BOARD AND BOARD COMMITTEE MEETINGS

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.

董事會會議及董事委員會會議出席記錄

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		Audit committee	
		董事會	審核委員會	董事會	審核委員會
		Number of meetings	Attendance	Number of meetings	Attendance
		會議次數	出席次數	會議次數	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
Independent non-executive directors	獨立非執行董事				
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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the financial year ended 31 December 2006, which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the statutory requirements and applicable accounting standards.

董事就財務報表須承擔的責任

董事確認其負責編製截至二零零六年十二月三十一日止財政年度之財務報表，該等財務報表真實而公平地反映本公司及本集團於該日之財務狀況，及截至該日止年度本集團之業績及現金流量，並根據法定規例及適用會計準則採用持續經營基準妥為編製。

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DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS (CONTINUED)

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Company is set out in the Auditors' Report on page 32.

AUDITORS' REMUNERATION

For the year ended 31 December 2006, the auditors of the Company and its subsidiaries would receive approximately HK\$444,000 for audit and audit related services (2005: HK\$279,000), HK\$18,000 for tax services (2005: HK\$54,000) and HK\$55,000 for other services (2005: HK\$40,000).

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for overseeing the Company's system of internal control.

To facilitate the effectiveness and efficiency of operations and to ensure compliance with relevant laws and regulations, the Group emphasizes on the importance of a sound internal control system which is also indispensable for mitigating the Group's risk exposures. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfilment of the business objectives.

The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory.

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board.

董事就財務報表須承擔的責任(續)

本公司核數師就其申報責任作出之聲明載於第32頁之核數師報告。

核數師薪酬

於截至二零零六年十二月三十一日止年度，本公司及其附屬公司之核數師合共就審核及審核相關服務收取約444,000港元(二零零五年：279,000港元)，就稅務服務收取18,000港元(二零零五年：54,000港元)，及就其他服務收取55,000港元(二零零五年：40,000港元)。

內部控制及風險管理

董事會負責監管本公司之內部監控系統。

為推動經營有效性及效率，以及確保符合相關法律及規例，本集團強調良好內部監控系統之重要性，因為此乃減低本集團風險必不可缺之元素。本集團之內部監控系統是專為確保無重大錯誤陳述或虧損提供合理但並不絕對之保證，與及管理消除經營系統失誤之風險及履行業務目標而設。

內部監控系統乃由董事會持續進行檢討，以使該系統實際上可行及有效合理保證足以保護重要資產及識別業務風險。董事會根據向其獲提供之資料及本身之觀察，對本集團現有之內部監控感到滿意。

本集團致力於識別、監控及管理與其業務有關之風險，並已實施一項實際可行和行之有效之監控系統，包括清晰界定權限之管理結構、良好之現金管理系統，以及由審核委員會及董事會定期對本集團之業績進行檢討。

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INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

The Board has conducted review of the effectiveness of the system of internal control and is of the view that the system of internal control adopted for the year ended 31 December, 2006 is sound and is effective to safeguard the interests of the shareholders' investment and the Company's assets.

內部控制及風險管理(續)

董事會亦已審閱內部監控系統之有效性，認為截至二零零六年十二月三十一日止年度採納之內部監控系統屬完善及有效，足以保障股東投資及本公司資產。