

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good standards of corporate governance practices by emphasising transparency, accountability and responsibility to our shareholders. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders, to comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance practices.

During the Year under review, the Company has applied the principles and complied with the Code Provisions set out in the “Code on Corporate Governance Practices” contained in Appendix 14 of the Listing Rules which came into effect on 1 January 2005 (the “Code”), with the following exceptions:

The non-executive directors are not appointed for a specific term, but are subject to retirement by rotation and re-election at the Company’s Annual General Meeting in accordance with the Company’s Articles of Association.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the Year under review.

## BOARD OF DIRECTORS

The Board is collectively responsible for overseeing the management of the business and affairs of the Group. The Board currently is comprised of a total of eleven directors, with seven executive directors, one non-executive director and three independent non-executive directors.

The names of the directors are set out in the Company’s 2009 annual report under the section headed “Corporate Information”.

During the period from 1 January 2009 to the date of this annual report, the Board held five meetings, the particulars of which are as follows:

<b>Date of meeting</b>	<b>Attendees</b>
18 March 2009	Mr. Lin Fan, Mr. Song Shuguang, Mr. Xie Yiqun, Mr. He Zhiguang, Mr. Ng Yu Lam Kenneth, Mr. Shen Koping Michael, Mr. Lau Siu Mun Sammy, Mr. Li Tao and Dr. Wu Jiesi.
19 May 2009	Mr. Lin Fan, Mr. Song Shuguang, Mr. Xie Yiqun, Mr. Ng Yu Lam Kenneth, Mr. Shen Koping Michael, Mr. Lau Siu Mun Sammy, Mr. Li Tao, Mr. Che Shujian and Mr. Lau Wai Kit.
17 August 2009	Mr. Lin Fan, Mr. Song Shuguang, Mr. Xie Yiqun, Mr. He Zhiguang, Mr. Ng Yu Lam Kenneth, Mr. Shen Koping Michael, Mr. Lau Siu Mun Sammy, Mr. Li Tao, Dr. Wu Jiesi and Mr. Che Shujian.
18 November 2009	Mr. Lin Fan, Mr. Song Shuguang, Mr. Xie Yiqun, Mr. He Zhiguang, Mr. Ng Yu Lam Kenneth, Mr. Shen Koping Michael, Mr. Lau Siu Mun Sammy, Mr. Li Tao, Dr. Wu Jiesi, Mr. Che Shujian and Mr. Lee Kong Wai Conway.
30 March 2010	Mr. Lin Fan, Mr. Song Shuguang, Mr. Xie Yiqun, Mr. Peng Wei, Mr. Ng Yu Lam Kenneth, Mr. Shen Koping Michael, Mr. Lau Siu Mun Sammy, Mr. Li Tao, Dr. Wu Jiesi, Mr. Che Shujian and Mr. Lee Kong Wai Conway.

# 企業管治報告書

## 企業管治常規

本公司致力於透過著重對全體股東的透明度、問責性及負責任制訂良好的企業管治常規。董事會不時審閱其企業管治常規，以配合股東更高的期望及符合越趨嚴謹的規則要求，並履行其優質企業管治的承諾。

於本年度內，本公司已遵守從二零零五年一月一日起生效的上市規則附錄14所載之企業管治常規守則（「守則」）的守則規定及實施其原則，惟下列除外：

非執行董事是沒有指定的任期，惟須根據本公司組織章程細則於本公司的股東周年大會上輪值告退及膺選連任。

## 董事進行證券交易

本公司已採納上市規則附錄10所載的標準守則作為有關董事進行證券交易的守則。在向所有董事作出特定查詢後，所有董事確認於年內已遵守標準守則規定所載的要求標準。

## 董事會

董事會共同負責監察本集團的業務及各事務的管理工作。董事會現時由十一位董事組成，包括七位執行董事、一位非執行董事及三位獨立非執行董事。

董事名單詳載於本公司二零零九年年報「公司資料」標題下之內文。

由二零零九年一月一日起至本年報日期，董事會曾舉行以下五次會議：

會議日期	出席者
二零零九年三月十八日	林帆先生、宋曙光先生、謝一群先生、何志光先生、吳俞霖先生、沈可平先生、劉少文先生、李濤先生及武捷思博士。
二零零九年五月十九日	林帆先生、宋曙光先生、謝一群先生、吳俞霖先生、沈可平先生、劉少文先生、李濤先生、車書劍先生及劉偉傑先生。
二零零九年八月十七日	林帆先生、宋曙光先生、謝一群先生、何志光先生、吳俞霖先生、沈可平先生、劉少文先生、李濤先生、武捷思博士及車書劍先生。
二零零九年十一月十八日	林帆先生、宋曙光先生、謝一群先生、何志光先生、吳俞霖先生、沈可平先生、劉少文先生、李濤先生、武捷思博士、車書劍先生及李港衛先生。
二零一零年三月三十日	林帆先生、宋曙光先生、謝一群先生、彭偉先生、吳俞霖先生、沈可平先生、劉少文先生、李濤先生、武捷思博士、車書劍先生及李港衛先生。

# Corporate Governance Report

The Board formulates the overall strategy of the Group, monitors its financial performance and maintains effective supervision over the management. Daily operations and administration are delegated to the management. During the Year under review, none of the directors above has or maintained any financial, business, family or other material/relevant relationships with any of the other directors.

The non-executive director and the independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's articles of association.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman and chief executive officer are Mr. Lin Fan and Mr. Ng Yu Lam, Kenneth. Their roles are clearly defined and segregated and are not exercised by the same individual.

## NOMINATION OF DIRECTOR

The Company has not established a nomination committee. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors and assessing the independence of the independent non-executive directors to ensure that the Board has a balance of expertise, skills and experience. The Board had appointed Mr. He Zhiguang as an executive director and Mr. Li Tao as a non-executive director of the Company by means of written resolutions passed on 12 March 2009, Mr. Lee Kong Wai Conway as an independent non-executive director of the Company by means of written resolution passed on 19 October 2009 and Mr. Peng Wei as an executive director by means of written resolution passed on 24 February 2010.

## REMUNERATION COMMITTEE

A Remuneration Committee with specific written terms of reference was established by the Company on 24 February 2005.

The principal duties of the Remuneration Committee include the making of recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management; the establishment of a formal and transparent procedure for developing the policy on such remuneration and to determine the specific remuneration packages of all executive directors and senior management.

The main principles of the Group's remuneration policies are:

- (a) Remuneration should be determined by taking into consideration factors such as salaries paid by comparable companies, time commitment, responsibility, employment conditions elsewhere in the Group and the desirability of performance-based remuneration;
- (b) Performance-based remuneration should be reviewed and approved by reference to the corporate goals and objectives approved by the Board from time to time; and
- (c) No director should be involved in deciding his or her own remuneration.

Mr. Lee Kong Wai Conway has been appointed as a member of the Remuneration Committee on 19 October 2009 to fill the casual vacancy following the resignation of Mr. Lau Wai Kit on 20 July 2009.

The Remuneration Committee is currently comprised of the three independent non-executive directors, namely Dr. Wu Jiesi, Mr. Che Shujian and Mr. Lee Kong Wai Conway, the chairman, Mr. Lin Fan, and the chief executive officer, Mr. Ng Yu Lam, Kenneth.

## 企業管治報告書

董事會擬定本集團之整體戰略，監管其財務表現及維持管理層的有效監督。日常營運及行政將委派予管理層。於回顧年度，上述之董事概無與任何其他董事有或保持任何財務、業務、家族或其他重大／相關關係。

非執行董事及獨立非執行董事是沒有指定的任期，惟須根據本公司組織章程細則於本公司的股東周年大會上輪值告退及膺選連任。

### 董事長及總裁

董事長及總裁分別為林帆先生及吳俞霖先生。董事長及總裁的角色是清晰界定及分開的，並非由同一人士擔任。

### 董事的任命

本公司並未有成立提名委員會。董事會整體負責檢討董事會的組成、就董事的提名及委任制定相關的程序及評核獨立非執行董事的獨立性，以確保董事會之專業知識、技能及經驗取得平衡。董事會於二零零九年三月十二日以書面通過決議案方式任命何志光先生為本公司執行董事及李濤先生為本公司非執行董事、於二零零九年十月十九日以書面通過決議案方式任命李港衛先生為本公司獨立非執行董事及於二零一零年二月二十四日以書面通過決議案方式任命彭偉先生為本公司執行董事。

### 薪酬委員會

本公司於二零零五年二月二十四日成立具有特定成文權責範圍的薪酬委員會。

薪酬委員會的主要職責包括向董事會就公司所有董事及高級職員薪酬的政策及架構提交建議；設立正式及富透明度的程序去制定該等薪酬的政策及訂定全體執行董事及高級職員的特定薪酬待遇。

本集團薪酬政策之主要原則包括下列各項：

- (a) 薪酬應考慮如同類公司支付的薪酬，付出時間、職責、集團內其他職位的僱用條件及應否按表現釐定薪酬等因素而釐定；
- (b) 在審閱及批准按表現而釐定的薪酬時，應參照董事會不時已核准的公司目標；及
- (c) 董事不應參與釐定其自身的薪酬。

李港衛先生於二零零九年十月十九日獲委任為薪酬委員會成員以填補劉偉傑先生於二零零九年七月二十日辭任後所產生之空缺。

薪酬委員會的成員包括三位獨立非執行董事，分別為武捷思博士、車書劍先生及李港衛先生、董事長林帆先生及總裁吳俞霖先生。

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During the period from 1 January 2009 to the date of this annual report, the Remuneration Committee approved the payment of the directors' bonuses for the year 2008, the remuneration of the directors, the granting of share options and discretionary bonuses to the directors of the Group by means of written resolutions passed on nine occasions.

## AUDITORS' REMUNERATION

Deloitte Touche Tohmatsu are the auditors of the Company. The services provided by them include audit and taxation etc. During the 2009 financial year, the fees for the Group's statutory audit, taxation and other services payable were HK\$5.88 million, HK\$0.11 million and HK\$0.70 million, respectively.

## AUDIT COMMITTEE

The Board has adopted the new written terms of reference for the Audit Committee, which are in accordance with the Code. The Audit Committee meets with the Group's senior management and external auditors regularly to review the effectiveness of the internal control system and the interim and annual results of the Group.

Mr. Lee Kong Wai Conway has been appointed as an independent non-executive director and member of the Audit Committee on 19 October 2009 to fill the casual vacancy following the resignation of Mr. Lau Wai Kit on 20 July 2009.

Mr. Li Tao has been appointed as a non-executive director and member of the Audit Committee to fill the casual vacancy following the resignation of Mr. Zheng Changyong on 12 March 2009.

The Audit Committee is comprised of the three independent non-executive directors, namely Dr. Wu Jiesi, Mr. Che Shujian and Mr. Lee Kong Wai Conway, and a non-executive director, Mr. Li Tao. Dr. Wu Jiesi is the chairman of the Audit Committee.

The interim results, annual results and the system of internal controls of the Company and its subsidiaries for the 2009 financial year including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their programmes and budget have been reviewed by the Audit Committee.

During the period from 1 January 2009 to the date of this annual report, the Audit Committee held three meetings, the particulars of which are as follows:

<b>Date of meeting</b>	<b>Attendees</b>
13 March 2009	Dr. Wu Jiesi, Mr. Che Shujian, Mr. Lau Wai Kit and Mr. Li Tao.
17 August 2009	Dr. Wu Jiesi and Mr. Che Shujian and Mr. Li Tao.
30 March 2010	Dr. Wu Jiesi, Mr. Che Shujian, Mr. Lee Kong Wai Conway and Mr. Li Tao.

## 企業管治報告書

由二零零九年一月一日起至本年報日期，薪酬委員會曾九次以書面通過決議案方式批准發放董事二零零八年度的花紅、董事薪酬、授出認股權及酌情花紅給予本集團的董事。

### 核數師酬金

德勤•關黃陳方會計師行為本公司的核數師。彼等所提供的服務包括審計及稅務等服務。於二零零九年財務年度，有關本集團應付的審計服務費、稅務服務費及其他服務費分別為588萬港元、11萬港元及70萬港元。

### 審核委員會

董事會已根據守則採納新的審核委員會書面權責範圍。審核委員會經常與本集團高級管理層及外間核數師舉行會議，檢討本集團的內部監控系統的成效及中期與年度業績。

李港衛先生於二零零九年十月十九日獲委任為獨立非執行董事及審核委員會成員以填補劉偉傑先生於二零零九年七月二十日辭任後所產生之空缺。

李濤先生於二零零九年三月十二日獲委任為非執行董事及審核委員會成員以填補鄭常勇先生辭任後所產生之空缺。

審核委員會的成員包括三位獨立非執行董事，分別為武捷思博士、車書劍先生及李港衛先生，及一位非執行董事李濤先生。審核委員會的主席由武捷思博士擔任。

審核委員會曾審查本公司及其附屬公司二零零九年度的中期及年度業績，與及內部監控系統，包括考慮本公司在會計及財務匯報職能方面的資源、員工資歷及經驗是否足夠，以及員工所接受的課程及有關預算又是否充足。

二零零九年一月一日起至本年報日期，審核委員會曾舉行以下三次會議：

會議日期	出席者
二零零九年三月十三日	武捷思博士、車書劍先生、劉偉傑先生及李濤先生。
二零零九年八月十七日	武捷思博士、車書劍先生及李濤先生。
二零一零年三月三十日	武捷思博士、車書劍先生、李港衛先生及李濤先生。

# Corporate Governance Report

## **DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS**

The directors acknowledge that it is their responsibility for preparing financial statements which give a true and fair view.

The statement of the auditor of the Company about their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 376 and 378.

## **INTERNAL CONTROL REVIEW**

The Board has conducted a review of the system of internal controls of the Group in accordance with the Code. The Board has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their programmes and budget. The Board considers that all material internal controls of the Group are proper and effective.

# 企業管治報告書

## 董事負責編製財務報表

董事確認編製真實與公允的財務報表是彼等的責任。

有關本公司的核數師就財務報表應承擔的責任聲明，詳列於第377及379頁獨立核數師報告書內。

## 內部監控系統審查

董事會已根據守則對本集團的內部監控系統進行審查，董事會亦已考慮本公司在會計及財務匯報職能方面的資源、員工資歷及經驗是否足夠，以及員工所接受的培訓課程及有關預算又是否充足。董事會認為本集團所有重要的內部監控均為適當及有效。