

企業管治報告 Corporate Governance Report

遵守企業管治常規守則

於截至二零零五年十二月三十一日止年度內，本公司已遵守香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四所載的企業管治常規守則(「守則」)的守則條文，除了：

1. 主席與行政總裁的角色沒有由不同人選擔任，魏應州先生現時身兼本公司主席與行政總裁的職務；
2. 獨立非執行董事因須按公司章程細則輪席退位而未有指定任期；及
3. 本公司董事會主席魏應州先生不須輪值告退。

現時本公司附屬公司之運作實際上由有關附屬公司之董事長負責，除了因為業務發展需要由魏應州先生擔任若干附屬公司之董事長外，本集團行政總裁並不兼任其他有關附屬公司之董事長，該職務已由不同人選擔任。同時，魏應州先生自一九九六年本公司上市後一直全面負責本公司的整體管理工作。故此，本公司認為，魏應州先生雖然不須輪值告退及同一人兼任本公司主席與行政總裁的職務，但此安排在此階段可以提高本公司的企業決策及執行效率，有助於本集團更高效地進一步發展，同時，通過上述附屬公司董事長的制衡機制，以及在本公司董事會及獨立非執行董事的監管下，股東的利益能夠得以充分及公平的體現。

本公司正準備採納適當措施，以便確保本公司之企業管治常規符合守則所訂立之規定。

Compliance with the Code on Corporate Governance Practices

Throughout the year ended 31 December 2005, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that:

1. there is no separation of the role of chairman and chief executive officer. Mr. Wei Ing-Chou currently assumes the role of both the Chairman and the Chief Executive Officer of the Company;
2. all Independent Non-executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with the Company's Articles of Association; and
3. Mr. Wei Ing-Chou, the Chairman of the Board of the Company does not need to retire by rotation.

However, at present, the chairman of each of the Company's subsidiaries is responsible for the operation of the respective subsidiary. Due to the need of business development considerations, Mr. Wei Ing-Chou is required to act as the chairman of certain subsidiaries. Except for these subsidiaries, the Chief Executive Officer of the Group has not act as the Chairman of other subsidiaries. In practise, there is effective separation of the roles between the Chairman of the Company's subsidiaries and the Chief Executive Officer of the Group. Mr. Wei Ing-Chou has been in charge of the overall management of the Company since the listing of the Company in 1996. Although Mr. Wei Ing-Chou does not need to retire by rotation and assumes the role of both the Chairman and the Chief Executive Officer of the Company, the Company considers that such arrangement at this stage helps to promote the efficient formulation and implementation of the Company's strategies which will enable the Group to further develop its businesses effectively. With the above balancing mechanism of chairman of subsidiaries and the supervision of the Board and the independent non-executive directors, the interests of the shareholders are adequately and fairly represented.

The Company is taking steps towards the adoption of appropriate measures to ensure that the Company's corporate governance practices comply to the Code.



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董事局預定每年召開季度會議，並在有需要時召開更多會議。截至二零零五年十二月三十一日止財政年度，共舉行10次董事局會議。二零零五年個別董事出席董事局會議之出席率概述如下：

The Board has scheduled quarterly meetings per year and meets more frequently as and when required. During the financial year ended 31 December 2005, ten Board meetings were held. The attendance of individual directors to the Board meeting in year 2005 is summarised below.

出席 / 舉行之董事局會議 Board Meetings Attended/Held

董事

Directors

執行董事

Executive Directors

魏應州先生
井田毅先生
吉澤亮先生
吳崇儀先生
魏應交先生
井田純一郎先生

Mr. Wei Ing-Chou	10/10
Mr. Takeshi Ida	10/10
Mr. Ryo Yoshizawa	10/10
Mr. Wu Chung-Yi	10/10
Mr. Wei Ying-Chiao	10/10
Mr. Junichiro Ida	10/10

獨立非執行董事

Independent Non-executive Directors

徐信群先生
李長福先生
中山知行先生(於二零零五年六月二十四日獲委任並於二零零六年四月一日辭任)
高捷雄先生
(於二零零五年六月二十四日辭任)

Mr. Hsu Shin-Chun	10/10
Mr. Lee Tiong-Hock	10/10
Mr. Tomoyuki Nakayama (appointed on 24 June 2005 and resigned on 1 April 2006)	7/7
Mr. Katsuo Ko (resigned on 24 June 2005)	3/3

公司秘書保存本公司之董事局會議記錄，以供董事查閱。

The Company Secretary keeps the Board Minutes of the Company for inspection by the Directors.

董事就財務報表承擔之責任

Directors' responsibility for the financial statements

董事確認須就編製本集團財務報表承擔責任。財務部受本公司之合資格會計師監督，而在該部門協助下，董事確保本集團財務報表之編製符合有關法定要求及適用之會計準則。董事亦確保適時刊發本集團之財務報表。

The Directors acknowledge their responsibility for preparing the financial statements of the Group. With the assistance of the Finance Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

本公司核數師就財務報表作出申報之責任聲明載於第45頁之核數師報告書內。

The Statement of the Auditors of the Company regarding their reporting responsibilities on the financial statements is set out in the Auditors' Report on page 45.



審核委員會

根據於二零零五年一月一日前生效之上市規則附錄14所載最佳應用守則第14條之要求，本公司已於一九九九年九月成立審核委員會，現時成員包括徐信群、李長福及小川和夫三位獨立非執行董事。於二零零六年四月一日，董事會正式委任小川和夫先生為本公司獨立非執行董事。

審核委員會之主要責任包括審閱及監察本集團之財務申報制度、財務報表及內部監控程序。委員會亦擔任董事局與本公司核數師在集團審核範圍事宜內之重要橋樑。截至二零零五年十二月三十一日止財政年度，委員會共舉行四次會議。該委員會最近召開之會議乃審議本集團本年之業績。

薪酬及提名委員會

薪酬及提名委員會於二零零五年八月十一日成立。目前，委員會成員包括徐信群、李長福及小川和夫三位獨立非執行董事。截至二零零五年十二月三十一日止財政年度，委員會未有舉行會議。

委員會之成立旨在審批本集團高層僱員之薪酬福利組合，包括薪金及花紅計劃及其他長期獎勵計劃。委員會亦需檢討董事會之架構、規模及組成，並就董事之委任及董事繼任計劃向董事會提出建議。

內部監控

董事局全面負責維持本集團良好而有效之內部監控制度。本集團之內部監控制度包括明確之管理架構及其相關權限以協助達致業務目標、保障資產以防未經授權使用或處置、確保適當保存會計記錄以提供可靠之財務資料供內部使用或發表，並確保遵守相關法例及規例。

Audit Committee

In compliance with the requirement under Rule 14 of the Code of Best Practice setting out in Appendix 14 of the Listing Rules effective before 1 January 2005, the Company has established the Audit Committee in September 1999 and currently has three Independent Non-executive Directors, Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Kazuo Ogawa. On 1 April 2006, the Board of the Company appointed Mr. Kazuo Ogawa as an Independent Non-executive Director.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, financial statements and internal control procedures. It also acts as an important link between the Board and the Company's auditors in matters within the scope of the group audit. Four meetings were held during the financial year ended 31 December 2005. The latest meeting of the Committee was held to review the results of the Group for the year.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee was established on 11 August 2005. This Committee now comprises three Independent Non-executive Directors, Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Kazuo Ogawa. No meetings were held during the financial year ended 31 December 2005.

The Committee was set up to consider and approve the remuneration packages of the senior employees of the Group, including the terms of salary and bonus schemes and other long-term incentive schemes. The Committee also reviews the structure, size and composition of the Board from time to time and recommends to the Board on appointments of Directors and the succession planning for Directors.

Internal Control

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, to safeguard assets against unauthorised use or disposition, to ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations.



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外聘核數師

摩斯倫 馬賽會計師事務所已於每年股東週年大會上獲委聘為本公司外聘核數師。本公司及其附屬公司已就摩斯倫 馬賽會計師事務所提供之法定審計服務自二零零五年財務報表中扣除681千美元(二零零四年：602千美元)。

投資者關係

本集團相信問責制及透明度乃良好公司管治不可或缺之部分，故此與股東(包括機構投資者)作適時溝通實為重要。本集團有系統地處理投資者關係並視為本集團之主要工作。

本集團設有網站(www.masterkong.com.cn)，以便向股東及公眾投資者匯報本集團最新業務發展及發放股東資訊。

年內，本集團貫徹通過不同方式與機構及少數股東、基金經理、分析員及媒體公開定期對話之政策。形式包括會面、演介會、電話會議、函件、媒體簡報會及新聞稿等，藉以發佈有關本集團最新發展及策略之資料。本集團將繼續積極回應公眾投資者、個人及機構投資者及投資分析員所提出之一般查詢。

標準守則的遵守

本公司一直採納上市規則附錄10所載上市公司董事進行證券交易的標準守則(「標準守則」)。經本公司特別查詢後，全體董事均確認他們在審核期內已完全遵從標準守則所規定的準則。

External Auditors

Moores Rowland Mazars has been appointed as the External Auditors of the Company by shareholders at the Annual General Meeting annually. An amount of US\$681,000 (2004: US\$602,000) was charged to the 2005 financial statements of the Company and its subsidiaries for provision of statutory audit services.

Investor Relations

We believe accountability and transparency are indispensable for ensuring good corporate governance and, in this regard, timely communication with our shareholders, including institutional investors, is crucial. We manage investor relations systematically as a key part of our operations.

We maintain a website (www.masterkong.com.cn) to keep our shareholders and the investing public informed of our latest business developments and to disseminate shareholder information.

During the year, we continued to follow a policy of maintaining an open and regular dialogue with institutional and minority shareholders, fund managers, analysts and the media through different means, including meetings, presentations, telephone conferences, correspondence, media briefings and press releases to distribute information on the Group's latest developments and strategies. We also continued to be proactive in responding to general enquires raised by the investing public, individual and institutional investors and investment analysts.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standards as set out in the Model Code throughout the review period.

