

CORPORATE GOVERNANCE REPORT 企業管治報告

The board of Directors (the “Board”) is committed to maintaining high standards of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to safeguard the interests of its shareholders and to enhance the performance of the Group.

CORPORATE GOVERNANCE PRACTICES

The Stock Exchange of Hong Kong Limited issued the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), which became effective for any accounting year commencing on or after 1 January 2005. The Company has applied the principles and complied with all the applicable code provisions of the Code for the year ended 31 March 2006, except for certain deviations as specified with considered reasons for such deviations as explained below.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of all directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code during the year.

BOARD OF DIRECTORS

The Board is responsible for leadership and control of the Company. The Board reviews and approves the objectives, strategies, direction and policies of the Group, the annual budget, annual and interim results, the management structure of the Company as well as other significant policy and financial matters. The Board has delegated the responsibility of the day-to-day operations of the Group to the management of the Company.

董事會(「董事會」)一直致力維持高水準之企業管治常規。董事會深信良好之企業管治有助保障其股東之利益及提升本集團之表現。

企業管治常規

香港聯合交易所有限公司頒佈了載列於香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四所載之企業管治常規守則(「守則」)，守則乃於二零零五年一月一日或其後開始之會計年度生效。於截至二零零六年三月三十一日止年度，本公司已應用及遵守守則內之所有適用守則條文，惟下文所解釋若干已闡明原因之偏離行為除外。

董事的證券交易

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易之標準守則(「標準守則」)，作為本公司董事進行證券交易之行為守則。經向本公司全體董事進行特定查詢後，彼等均確認於年內已遵守標準守則所載之規定準則。

董事會

董事會負責領導及監控本公司。董事會審閱及批核本集團之業務目標、策略、方向及政策、本公司之年度預算、全年及中期業績、管理層架構，以及其他重大政策及財務事宜。董事會已委任本公司管理層負責本集團之日常營運。

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The Board comprises eight Directors, five of which are executive Directors, namely Mr. Lo Ming Chi, Charles (Chairman), Mr. Yu Wai Man, Mr. Wilson Ng, Mr. Ng Wee Keat and Mr. Ng Eng Leng; and three are independent non-executive directors, namely Mr. Wong Kwok Tai, Mr. Lau Pok Lam and Mr. Ko Kwong Woon, Ivan. The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules. Biographical details of the Directors (including the relationships among members of the Board) are set out under the section headed "Directors' Biographies" on pages 8 to 10 of this annual report.

During the year, four full board meetings were held and the attendance of each director is set out as follows:

Executive Directors	Number of attendance
Mr. Lo Ming Chi, Charles (<i>Chairman</i>)	4/4
Mr. Yu Wai Man	4/4
Mr. Wilson Ng	2/4
Mr. Ng Wee Keat	2/4
Mr. Ng Eng Leng	2/4

Independent Non-executive Directors

Mr. Wong Kwok Tai	4/4
Mr. Lau Pok Lam	4/4
Mr. Ko Kwong Woon, Ivan	4/4

Code provision A.1.3 stipulates that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. In relation to this provision, a regular board meeting was convened by a notice of less than 14 days during the year ended 31 March 2006.

董事會由八名董事組成，當中五名為執行董事，即勞明智先生(主席)、余偉文先生、黃偉盛先生、黃偉傑先生及黃應麟先生；以及三名為獨立非執行董事，即黃國泰先生、劉璞琳先生及高廣垣先生。本公司已接獲獨立非執行董事各自根據上市規則第3.13條發出之年度獨立確認書。本公司參照上市規則所載列之獨立指引，視全部獨立非執行董事為獨立人士。董事之履歷詳情(包括董事會成員間之關係)載列於本年報第8至第10頁之「董事履歷」一節內。

年內，本公司舉行了四次全體董事成員會議，各董事之出席率載列如下：

執行董事	出席次數
勞明智先生(主席)	4/4
余偉文先生	4/4
黃偉盛先生	2/4
黃偉傑先生	2/4
黃應麟先生	2/4

獨立非執行董事

黃國泰先生	4/4
劉璞琳先生	4/4
高廣垣先生	4/4

守則條文第A.1.3條規定，為確保董事有機會出席董事會例會，會議通告須於會議召開前最少14天送交全體董事。就此條文而言，截至二零零六年三月三十一日止年度內，本公司曾發出少於14天之通知書之情況下召開一次定期董事會會議。

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual and the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The position of the chairman of the Board is currently held by Mr. Lo Ming Chi, Charles. The Company does not at present have any officer with the title "chief executive officer" but the division of responsibilities between the chairman and chief executive officer have been clearly established and set out in writing. The Company might consider appointing a chief executive officer in the event it could locate appropriate personnel.

NON-EXECUTIVE DIRECTORS

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive directors of the Company are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to the Bye-Law 87 of the Company where provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.

REMUNERATION OF DIRECTORS

The Remuneration Committee was established on 13 July 2005 with specific terms of reference. It comprises five members, including two executive directors, namely Mr. Lo Ming Chi, Charles (Chairman) and Mr. Yu Wai Man, and three independent non-executive directors of the Company, namely Mr. Wong Kwok Tai, Mr. Lau Pok Lam and Mr. Ko Kwong Woon, Ivan.

主席及行政總裁

守則條文第A.2.1條規定，主席與行政總裁之角色應有區分，並不應由一人同時兼任，而主席與行政總裁之職責的分工應清楚界定並以書面列載。

董事會主席之職位現由勞明智先生擔任。本公司現時並無設立「行政總裁」銜頭之任何職位，但主席與行政總裁之職責已明確區分，並以書面形式制定。倘能夠物色到合適人選，本公司可能考慮委任一名行政總裁。

非執行董事

守則條文第A.4.1條規定，非執行董事的委任應有指定任期，並須接受重新選舉。

本公司之獨立非執行董事並非按指定任期委任，惟須按本公司之公司細則第87條所載之規定至少每三年輪值告退一次，該條文規定，於每屆股東週年大會上，三分之一（或如彼等之人數並非三(3)之倍數，則以最接近但不少於三分之一之人數為準）當時在任之本公司董事須輪值告退。

董事薪酬

薪酬委員會乃於二零零五年七月十三日成立，並設有特定之職權範圍。薪酬委員會由五名成員組成，包括本公司之兩名執行董事，即勞明智先生（主席）及余偉文先生，以及三名獨立非執行董事，即黃國泰先生、劉璞琳先生及高廣垣先生。

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The major roles and functions of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; and
2. to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

During the year, one meeting was held and the attendance of each member is set out as follows:

Members	Number of attendance
Mr. Lo Ming Chi, Charles (<i>Chairman</i>)	1/1
Mr. Yu Wai Man	1/1
Mr. Wong Kwok Tai	1/1
Mr. Lau Pok Lam	1/1
Mr. Ko Kwong Woon, Ivan	1/1

The following is a summary of work performed by the Remuneration Committee during the year:

1. to determine the remuneration of the Directors; and
2. to review the remuneration policy of the Group.

NOMINATION OF DIRECTORS

Currently, the Company did not have a nomination committee. The Directors are responsible for selecting and recommending candidates for directorship. They identify individuals suitably qualified in terms of skill, knowledge and experience to become members of the Board, taking into account of the then existing composition of the Board in terms of skill, knowledge and experience and make recommendation to the Board for approval.

薪酬委員會之主要職責及職能如下：

1. 就本公司董事及高級管理層之全體薪酬政策及架構，及就設立正規而具透明度的程序制定此等薪酬政策，向董事會提出建議；及
2. 透過參照董事會不時通過的公司目標，檢討及批准按表現而釐定的薪酬。

年內，薪酬委員會舉行了一次會議，各成員之出席率載列如下：

成員	出席次數
勞明智先生(主席)	1/1
余偉文先生	1/1
黃國泰先生	1/1
劉璞琳先生	1/1
高廣垣先生	1/1

以下為薪酬委員會於年內所進行工作之概要：

1. 釐定董事薪酬；及
2. 檢討本集團之薪酬政策。

董事提名

現時，本公司並無設立提名委員會。董事負責篩選及推薦董事候選人。董事在考慮董事會現有成員之技能、知識及經驗後，物色具備適合擔任董事會成員所需之技能、知識及經驗之人士，並向董事會推薦以供董事會批准。

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AUDITORS' REMUNERATION

During the year under review, the remuneration paid to the Company's auditors, Ernst & Young for audit and non-audit services to the Group, are set out as below:

Services rendered	Fee paid/payable HK\$
Annual audit	1,180,000
Non-audit	70,000

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Mr. Wong Kwok Tai (Chairman), Mr. Lau Pok Lam and Mr. Ko Kwong Woon, Ivan. Two of the independent non-executive directors possess the appropriate professional qualifications, or accounting or related financial management expertise as required under the Listing Rules.

The major roles and functions of the Audit Committee are:

1. to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of those auditors;
2. to discuss with the external auditors before the audit commences, the nature and scope of the audit;
3. to review the interim and annual financial statements before submission to the Board;
4. to discuss problems and reservations arising from the interim results and final audit, and any matters the external auditors may wish to discuss; and
5. to review the Group's financial and accounting policies and practices.

核數師酬金

於回顧年度內，就本集團所獲提供之審核及非審核服務而支付予本公司之核數師安永會計師事務所之酬金載列如下：

所提供服務	已付／應付費用 港元
年度審核	1,180,000
非審核	70,000

審核委員會

審核委員會由三名獨立非執行董事組成，即黃國泰先生（主席）、劉璞琳先生及高廣垣先生。其中兩名獨立非執行董事具備上市規則所規定之合適專業資格，或會計或相關財務管理專業知識。

審核委員會之主要職責及職能如下：

1. 就外聘核數師之委聘、續聘及撤職事宜，批核外聘核數師之酬金及聘任條款，以及有關外聘核數師辭任或罷免之任何問題向董事會作出推薦意見；
2. 於審核開始前與外聘核數師商討審核之性質及範疇；
3. 於向董事會提交中期及全年財務報表前審閱中期及全年財務報表；
4. 討論中期業績及全年審核工作產生之問題和保留意見，及核數師有意商談之任何事項；及
5. 審閱本集團之財務及會計政策與慣例。

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During the year, two audit committee meetings were held and the attendance of each member is set out as follows:

年內，審核委員會舉行了兩次會議，各成員之出席率載列如下：

Members	Number of attendance	成員	出席次數
Mr. Wong Kwok Tai (<i>Chairman</i>)	2/2	黃國泰先生 (主席)	2/2
Mr. Lau Pok Lam	2/2	劉璞琳先生	2/2
Mr. Ko Kwong Woon, Ivan	2/2	高廣垣先生	2/2

The following is a summary of work performed by the Audit Committee during the year:

以下為審核委員會於年內所進行工作之概要：

- | | |
|---|--|
| <p>1. Reviewed with the management and auditors of the Company the accounting principles and practices adopted by the Group, discussed the audited financial statements for the year 31 March 2005 and recommended them to the Board for approval; and</p> | <p>1. 與本公司管理層及核數師審閱本集團所採納之會計原則及慣例，討論截至二零零五年三月三十一日止年度之經審核財務報表，並推薦予董事會以供彼等批核；及</p> |
| <p>2. Reviewed with the management of the Company the accounting principles and practices adopted by the Group, discussed the unaudited interim financial statements for the six months ended 30 September 2005 and recommended them to the Board for approval.</p> | <p>2. 與本公司管理層審閱本集團所採納之會計原則及慣例，討論截至二零零五年九月三十日止六個月之未經審核中期財務報表，並推薦予董事會以供彼等批核。</p> |

DIRECTORS' RESPONSIBILITY FOR THE ACCOUNTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial 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 31 March 2006.

The statement of the external auditors of the Company about their responsibilities on the financial statements is set out in the "Auditors' Report" on pages 31 to 32 of this annual report.

董事對賬目之責任

董事會須負責就年度及中期報告、股價敏感資料的公佈及其他根據上市規則及其他監管規定須作出之財務披露呈報一個不偏不倚、清晰及可理解之評估。

董事承認彼等有編製本公司截至二零零六年三月三十一日止年度之財務報表的責任。

本公司外聘核數師就財務報表之責任聲明載於本年報第31至第32頁之「核數師報告」內。