

CORPORATE GOVERNANCE

The board of directors (the “Board”) recognises good corporate governance is essential for Synergis to enhance its accountability and transparency, and to align the interest of the Company with that of our shareholders and other stakeholders through proper conduct of the Company’s affairs. The Board is committed to achieving high standard of corporate governance by devoting considerable efforts in identifying and formalising the best practices for corporate governance. The Board is also committed to a policy of transparency and full disclosure in its business operations and maintain good relationship with its shareholders and regulators.

THE BOARD

The Board acknowledges that its role is to represent and promote the interests of shareholders and that its members are accountable to shareholders for leading the Group in a responsible and effective manner. Each director must act in good faith in the best interests of the Company. The key responsibilities of the Board include the formulation of the Group’s overall strategies, setting policies and objectives for management, and monitoring its operating and financial performance. The Board also oversees the Group’s relationships with its shareholders and other stakeholders.

The Board currently comprises of six directors, of whom two are independent non-executive directors, one non-executive director, two executive directors and one alternate director to one of the executive directors. The chairman is an independent non-executive director. The posts of the chairman and the managing director are separate. There is a clear distinction between the chairman’s responsibility of managing the operation of the Board and the managing director’s responsibility of running the Company’s business. The Board conducts regular meetings to discuss and review the operational performance, resolve funding issues and other significant matters that affect the operations of the Group. The executive directors are responsible for the daily management of the Group’s operations. In addition, they also meet regularly with the senior management of subsidiaries and jointly controlled entities, at which operating strategies and policies are formulated and communicated. In advance of Board meetings, the Board members receive comprehensive reports on current, strategic and financial issues before making decisions in the best interest of the Group.

AUDIT COMMITTEE

An Audit Committee was established upon the listing of the Company’s shares on the Stock Exchange with written terms of reference based primarily on “A Guide for Effective Audit Committees” issued by the Hong Kong Society of Accountants.

The Audit Committee is chaired by Mr. Shih Wing Ching, an independent non-executive director, and has two members, namely, Professor Woo Chia Wei, an independent non-executive director and Mr. Lai Ming, Joseph, the non-executive director.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the group audit. The primary duties of the Audit Committee are providing an independent view of the effectiveness of the financial reporting process and the internal control and risk evaluation of the Group. The Audit Committee is also responsible for overseeing the audit process and performing other duties as assigned by the Board.

The Audit Committee's main duties are set out below:

- (a) consider the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal;
- (b) review the interim and annual financial statements before submission to the Board;
- (c) discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss;
- (d) review the system of internal control in used by the Company;
- (e) ensure co-ordination between the external auditors and the internal auditors is adequate; and
- (f) review the internal audit report with major findings and management's response.

INTERNAL AUDIT

An internal audit team has been set up by the Company and an Internal Audit Strategy Memorandum setting out the internal audit mechanism, internal audit plan and risk assessment methodology has been submitted for the Board's review.

The primary objective of internal audit is to provide objective assurance on the system of internal control and recommendations to improve internal control weaknesses being identified during the course of internal audit, so as to ensure a reliable internal control system is in place. The Internal Audit team reports directly to the Audit Committee.

Corporate Governance

EXECUTIVE MANAGEMENT COMMITTEE

An Executive Management Committee (the “EMC”) was established after the listing of the Company with terms of reference being approved by the Board.



The EMC is chaired by the managing director and composed of executive directors and senior executives. The EMC is charged with responsibility of (a) setting objectives, strategies and policies on general management matters; (b) monitoring the implementation thereof and (c) ensuring compliance and implementation of the policies and decisions of the Board. Main duties of the EMC in accordance with the terms of reference are set out below:

- (i) formulate corporate strategy and action plan in sustaining company growth;
- (ii) advise to the management team on new business development initiatives;
- (iii) monitor the implementation of the Company’s business plan and other strategic initiatives by the management team;
- (iv) review financial performance of the Group and budgetary control; and
- (v) ensure compliance of relevant ordinances and regulations.

The EMC meeting is scheduled on a monthly basis.

FINANCE COMMITTEE

A Finance Committee was formed to set strategies, policies and guidelines on financial management and treasury operations of the Group and assist the Board in reviewing the financial and investment performance of the Group. The Finance Committee is appointed by the Board and consists of one executive director, one non-executive director and the Group's chief financial officer. The terms of reference of the Finance Committee and the investment policy of the Group were formulated, reviewed and approved by the Board. The members meet on a quarterly basis or as and when required to review the financial operations of the Group.

CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out by The Stock Exchange in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company also complies with the Model Code for Securities Transactions by Directors of Listing Companies contained in Appendix 10 of the Listing Rules. Proper procedures have been established to ensure the requirements of the model code are being followed and that applicable laws and regulations are being complied with by the directors. Obligations of directors under the model code include the disclosure of their interests in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibition on dealing in shares and restriction on disclosure of price-sensitive information.

PROACTIVE COMMUNICATION

The Group encourages an active, open and prompt communication with our shareholders and other stakeholders. The Group aims to present a clear and balanced assessment of its financial position and prospects and is committed to fair disclosure and comprehensive reporting of our performances and activities. Disclosure is a key means to enhance our corporate governance standards, in that it provides our shareholders and other stakeholders with the information necessary for them to form their own judgement and to provide feedback to us.

To promote effective and continuous communication, and to ensure the timely distribution of results, presentation materials, press releases, announcements and financial reports, our enhanced corporate and investor relations websites (<http://www.synergis.com.hk> and <http://www.irasia.com/listco/hk/synergis>) are constantly updated with current information. Comments and suggestions are welcome and can be addressed to the company secretary.