

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance and endeavours in following the code provisions (the "Code Provisions") of the "Code on Corporate Governance Practices" (the "Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Board has set up the Remuneration Committee and has adopted a new set of terms of reference of the Audit Committee which were prepared in accordance with the Code Provisions. The Board has also set up an internal audit team to monitor the effectiveness of the internal control of the Group. Throughout the year, the Company has complied with the Code Provisions, save for the deviations from code provisions A.2.1 and A.4.1 of the Code.

According to code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Up to the date of the annual report of the Company, the Board has not appointed any individual to the post of chief executive officer. The responsibilities of the chief executive officer have been performed collectively by all the executive directors, including the chairman, of the Company. The Board considers that this arrangement is proper and beneficial to the Group as the stability and efficiency of the Company's operations, as well as the continuity of the Company's policies and strategies, can be maintained. Going forward, the Board will periodically review the effectiveness of this arrangement and considers appointing an individual as the chief executive officer when it thinks appropriate.

According to code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. Starting from 1 January 2006, each of the independent non-executive directors of the Company is appointed for a fixed term of directorship of one year and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws.

企業管治常規

董事會承諾維持高水準的企業管治，並致力遵循香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄14「企業管治常規守則」（「守則」）所載之守則條文（「守則條文」）。

董事會已成立薪酬委員會，並已為審核委員會採納一套新職權範圍，該等職權範圍乃按守則條文編製。董事會亦已成立內部審計組，以監察本集團內部控制之成效。年內，本公司一直遵守守則條文，惟偏離守則之守則條文第A.2.1條及A.4.1條除外。

根據守則之守則條文第A.2.1條，主席及行政總裁之職務應予分開，並不應由同一人士履行。截至本公司年報日期，董事會並無委任任何人士出任行政總裁。行政總裁之職責現由本公司全體執行董事（包括主席）共同履行。董事會認為，此項安排可維持本公司業務的穩定性和效率，以及維持本公司政策和策略之持續性，故對本集團而言乃屬合適及有利。未來，董事會將定期審閱此項安排之成效，並於其認為合適時考慮委任行政總裁。

根據守則之守則條文第A.4.1條，非執行董事應委任固定任期，並膺選連任。由二零零六年一月一日起，本公司各獨立非執行董事獲委任固定董事任期一年，並須根據本公司細則之規定於本公司股東週年大會上輪席告退及膺選連任。

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors and senior management of the Group on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules ("Model Code"). Having made specific enquiry of all directors and senior management of the Group, all directors and senior management of the Group have complied with the required standard set out in the Model Code and the Company's code of conduct regarding securities transactions by directors and senior management throughout the year ended 31 March 2006.

BOARD OF DIRECTORS

The Board is currently composed of four executive directors comprising Mr. Yeung Chi Hung, Johnny as the chairman, Mr. Yuen Yee Sai, Simon and Mr. Chow Man Yan, Michael as the joint deputy chairmen, and Mr. Ng Kwong Hing; and three independent non-executive directors comprising Dr. Chang Chu Cheng, Mr. Che Wai Hang, Allen and Mr. Lee Yiu Pun. The biographical details of the directors are set out on pages 17 to 18 of the annual report of the Company. All directors are subject to retirement by rotation and may offer themselves for re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws. Each executive director has entered into a service contract with the Company for a term of two years and each independent non-executive director is appointed for a term of one year.

The Board meets regularly to review and determine the corporate strategies and overall strategic policies. Each of the members of the Board has full access to relevant information at the meetings. During the year, the Board has convened four regular meetings and conducted the following activities:

- (1) approved the interim and final results, interim and annual report, and matters to be considered at annual general meeting;
- (2) reviewed and approved corporate strategies of the Group for the financial year ending 31 March 2007; and
- (3) reviewed the performance and financial position of the Group.

Apart from the regular board meetings, the Board met on other occasions when a board-level decision on a particular matter was required.

證券交易標準守則

本公司已就本集團董事及高級管理層進行證券交易採納一套行為守則，其條款不遜於上市規則附錄10所載的（「標準守則」）規定。經向本集團全體董事及高級管理層作出特定查詢後，於截至二零零六年三月三十一日止年度，本集團全體董事及高級管理層已遵守標準守則所規定之標準，以及本公司董事及高級管理層進行證券交易之行為守則。

董事會

董事會現時由四名執行董事（分別為主席楊志雄先生；兩名副主席，源而細先生及周文仁先生；以及吳廣興先生）及三名獨立非執行董事（分別為張樹成博士、車偉恒先生及李耀斌先生）組成。董事之履歷詳情載於本公司的年報第17至第18頁。所有董事均須根據本公司細則之規定於本公司股東週年大會上輪席告退並膺選連任。各執行董事已與本公司訂立年期為兩年之服務合約，而各獨立非執行董事則均已獲委以一年任期。

董事會定期召開董事會議，以審閱及釐定企業策略及整體政策。董事會各成員可於會議上全面取得有關資料。於年內，董事會曾召開四次定期會議，以進行以下事項：

- (1) 批准中期及末期業績、中期報告及年報，以及須呈交由股東週年大會上考慮之事宜；
- (2) 省覽及批准本集團截至二零零七年三月三十一日止財政年度之企業策略；及
- (3) 審閱本集團之整體表現及財政狀況。

除定期董事會會議外，於出現特殊事項需要董事會層級之決定時，董事會曾於其他場合開會。

BOARD OF DIRECTORS (Continued)

Details of the directors' attendance records at the regular board meetings during the year are as follows:

董事會 (續)

董事年內出席定期董事會會議之記錄詳情如下：

		Attendance 出席率
Executive directors		
Mr. Yeung Chi Hung, Johnny (<i>Chairman</i>)	楊志雄先生 (主席)	100%
Mr. Yuen Yee Sai, Simon (<i>Joint Deputy Chairman</i>)	源而細先生 (聯席副主席)	100%
Mr. Chow Man Yan, Michael (<i>Joint Deputy Chairman</i>)	周文仁先生 (聯席副主席)	100%
Mr. Ng Kwong Hing	吳廣興先生	100%
Mr. Wong Sau Lik, Weekly Peter (<i>resigned on 1 October 2005</i>)	王秀力先生 (於二零零五年十月一日辭任)	100% (Note) (附註)
Independent non-executive directors		
Dr. Chang Chu Cheng	張樹成博士	75%
Mr. Che Wai Hang, Allen	車偉恒先生	100%
Mr. Lee Yiu Pun	李耀斌先生	100%
Mr. Ho Bing Kwan (<i>resigned on 1 August 2005</i>)	何炳堃先生 (於二零零五年八月一日辭任)	100% (Note) (附註)
Mr. Pang Kwong Wah (<i>resigned on 1 August 2005</i>)	彭廣華先生 (於二零零五年八月一日辭任)	100% (Note) (附註)

Note: There was only one regular board meeting held during the term of office of each of Mr. Wong Sau Lik, Weekly Peter, Mr. Ho Bing Kwan and Mr. Pang Kwong Wah.

附註：於王秀力先生、何炳堃先生及彭廣華先生任內，只舉行了一次定期董事會會議。

The executive directors and senior management of the Company, as delegated by the Board, are responsible for implementing the determined strategies and policies and the day-to-day management of the Group's business.

本公司執行董事及高級管理層(由董事會指派)負責實行既定策略、政策及本集團業務之日常管理。

The Company has received from each of the independent non-executive directors a written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company thus considers all the independent non-executive directors to be independent.

本公司已根據上市規則第3.13條接獲各獨立非執行董事書面確認其獨立性。因此，本公司認為所有獨立非執行董事均為獨立。

NOMINATION OF DIRECTORS

The Board has not set up a nomination committee. The nomination of new directors has been delegated to the Chairman and other executive directors. They review regularly the need to appoint additional directors with appropriate professional knowledge and industry experience. The Board will then consider the appointment of the candidates nominated by them as directors of the Company. During the year, Mr. Che Wai Hang, Allen and Mr. Lee Yiu Pun have been nominated and appointed as independent non-executive directors of the Company.

提名董事

董事會並無成立提名委員會。提名新董事由主席及其他執行董事負責。彼等會定期審閱委任具合適專業知識及行業經驗之額外董事之需要。其後，董事會將考慮委任彼等所提名之候選人出任本公司董事。於年內，車偉恒先生及李耀斌先生已獲提名及委任為本公司之獨立非執行董事。

REMUNERATION COMMITTEE

The Remuneration Committee is currently composed of four members, comprising three independent non-executive directors, namely Mr. Che Wai Hang, Allen (Chairman), Dr. Chang Chu Cheng and Mr. Lee Yiu Pun, and one executive director, Mr. Ng Kwong Hing. It was established by the Board and its duties are clearly defined in its terms of reference which have been prepared and adopted according to the Code Provisions.

The Remuneration Committee meets annually to review the remuneration policies and packages for directors and senior management of the Company. No director takes part in any discussions about his own remuneration. During the year, it has convened one meeting with full attendance by its members and conducted the following activities:

- (1) reviewed the remuneration packages for senior management of the Company; and
- (2) reviewed the terms of the service contracts of all the executive directors of the Company by reference to their performance.

AUDITORS' REMUNERATION

During the year, the nature of the audit and non-audit services provided by PricewaterhouseCoopers, the auditors of the Company, and the relevant fee paid by the Company for such services are as follows:

		HK\$ 港元
Audit services for the Group	為本集團提供之審核服務	1,118,000
Non-audit services including:	非審核服務包括：	
– review of interim results	– 審閱中期業績	165,000
– taxation services for the Group	– 為本集團提供之稅項服務	267,240
– agreed upon procedures on the Group's continuing connected transaction	– 議定本集團持續關連交易之程序	15,000
– agreed upon procedures on the Group's annual result announcement	– 議定本集團全年業績公佈之程序	10,000
Total	總計	<u>1,575,240</u>

薪酬委員會

薪酬委員會現時由四名成員組成，包括三名獨立非執行董事（分別為車偉恒先生（主席）、張樹成博士及李耀斌先生）及一名執行董事（吳廣興先生）。薪酬委員會乃由董事會成立，其職責已採納守則條文而編製並清楚界定其職權範圍。

薪酬委員會每年召開一次會議，以審閱本公司董事及高級管理層之薪酬政策及組合。董事並無參與本身薪酬之任何商討。於年內，薪酬委員會曾召開一次會議，所有成員均有出席，以進行以下事宜：

- (1) 審閱本公司高級管理層之薪酬組合；及
- (2) 參考本公司全體執行董事之表現審閱彼等之服務合約條款。

核數師酬金

於年內，本公司核數師羅兵咸永道會計師事務所提供之審核及非審核服務，而本公司就該等服務所付之有關費用如下：

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive directors, namely Mr. Lee Yiu Pun (Chairman), Mr. Che Wai Hang, Allen and Dr. Chang Chu Cheng. The original terms of reference of the Audit Committee were prepared and adopted with reference to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants. Pursuant to a resolution passed by Board at its meeting held on 31 May 2005, a new set of terms of reference of the Audit Committee which were prepared in accordance with and with reference to the Code Provisions were adopted in replacement of the original terms of reference and the new terms of reference came into effect on 1 June 2005.

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. It also reviews the annual and interim reports of the Company prior to their approval by the Board, the effectiveness of the external and internal audit and of internal controls and risk evaluation.

During the year, the Audit Committee has convened two meetings and conducted the following activities:

- (1) reviewed interim and annual results of the Company;
- (2) reviewed the internal controls and financial matters of the Group in pursuance of the terms of reference;
- (3) reviewed the audit plans and findings of the external auditors of the Company; and
- (4) made recommendation to the Board on the re-appointment of the external auditors.

審核委員會

審核委員會現時包括三名獨立非執行董事（分別為李耀斌先生（主席）、車偉恒先生及張樹成博士（主席））。審核委員會之原有職權範圍是根據香港會計師公會所頒佈之「有效審核委員會指引」編製採納。根據董事會於二零零五年五月三十一日舉行之董事會會議上之決議，通過採納經過參考守則上所載的條文而編製的一套新的審核委員會職權範圍，取代原有的職權範圍，而新職權範圍已於二零零五年六月一日生效。

審核委員會為董事會及本公司核數師提供集團審核範疇以內事宜的重要橋樑，其亦於本公司年報及中期報告供董事會批准前作出有效的外部及內部審核、內部監控和風險評估。

於年內，審核委員會曾召開兩次會議，並進行以下事宜：

- (1) 審閱本公司之中期業績及全年業績；
- (2) 按職權範圍審閱本集團之內部監控及財務事宜；
- (3) 審閱本公司外聘核數師之審核計劃及發現；及
- (4) 就續聘外聘核數師向董事會提出推薦意見。

AUDIT COMMITTEE (Continued)

Details of attendance of each member of the Audit Committee during the year are as follows:

Independent non-executive Directors

Dr. Chang Chu Cheng
Mr. Che Wai Hang, Allen
Mr. Lee Yiu Pun
Mr. Ho Bing Kwan (*resigned on 1 August 2005*) (Note)
Mr. Pang Kwong Wah (*resigned on 1 August 2005*) (Note)

獨立非執行董事

張樹成博士
車偉恒先生
李耀斌先生
何炳堃先生 (於二零零五年八月一日辭任) (附註)
彭廣華先生 (於二零零五年八月一日辭任) (附註)

Attendance 出席率

50%
100%
100%
100%
100%

Note: There was only one meeting of Audit Committee held during the term of office of each of Mr. Ho Bing Kwan and Mr. Pang Kwong Wah.

附註：於何炳堃先生及彭廣華先生之任期內，審核委員會僅舉行一次會議。

There was no disagreement between the Board's and the Audit Committee's view on the selection and appointment of the external auditors.

對於選任外聘核數師，董事會與審核委員會之間並無意見分歧。

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group. In preparing the financial statements for the year ended 31 March 2006, the directors have selected appropriate accounting policies and applied them consistently, and have prepared the financial statements on a going concern basis.

The responsibilities of the external auditors are set out in the Auditors' Report to the shareholders of the Company on pages 45 to 46 of the annual report of the Company.

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of internal control. During the year, the Board has reviewed the effectiveness of the internal control system of the Group through the Audit Committee and the internal audit team of the Company. There was no significant incidence of failure in connection with the financial, operational and compliance control during the year.

Hong Kong, 28 June 2006

董事及核數師對財務報表之責任

董事負責於各財務期間編製真實公平反映本集團事務狀況之財務報表。於編製截至二零零六年三月三十一日止年度之財務報表時，董事已選擇合適之會計政策並加以貫徹應用，亦已按持續經營基準編製財務報表。

外聘核數師之責任載於本公司年報第45至46頁致本公司股東之核數師報告。

內部控制

董事會負責維持穩健及有效之內部控制系統。董事會亦負責透過本公司審核委員會及內部審計組審閱內部控制系統之成效。於年內，在財務、營運及遵例控制方面並無發現重大缺失。

香港，二零零六年六月二十八日