

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Good corporate governance practices are crucial to the smooth and effective operation of a company and its ability to attract investment and protect shareholders' interest. The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness.

On 1st January 2005, the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules became effective. The Company adopted all the code provisions in the Code as its own code on corporate governance practices.

During the year under review, the Company has met the code provisions (those which became effective for accounting periods beginning on or after 1st January 2005) as set out in the Code except for the code provision A.2.1 that the roles of the chairman (the "Chairman") and the chief executive officer (the "CEO") should be separate and should not be performed by the same individual.

The board of directors of the Company (the "Board") has on 13th December 2005 approved and adopted a memorandum relating to the division of responsibilities between the Chairman and the CEO and appointed Mr TIONG Kiew Chiong as the CEO of the Company.

CONDUCT ON SHARE DEALINGS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code for securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, their compliance with the required standard as set out in the Model Code during the year.

The Company has also established written guidelines regarding securities transactions on no less exacting terms of the Model Code for senior management and specific individuals who may have access to price sensitive information in relation to the securities of the Company.

THE BOARD OF DIRECTORS

Composition and function

The Board comprises seven directors, of which four are executive directors ("Executive Directors") and the remaining three are independent non-executive directors ("INEDs").

As at 31st March 2006, the directors were:

Name of director	Title
<i>Executive Directors</i>	
Tan Sri Datuk TIONG Kiew King	<i>Chairman</i>
Mr TIONG Kiu King	<i>Executive Director</i>
Dr TIONG Ik King	<i>Executive Director</i>
Mr TIONG Kiew Chiong	<i>CEO</i>
<i>INEDs</i>	
Mr TANG Ying Yu	<i>INED</i>
Mr David YU Hon To	<i>INED</i>
Mr Victor YANG	<i>INED</i>

The biographies of each of the directors are set out on pages 16 to 17 of this Annual Report. Pursuant to the written guidelines adopted by the Company, specific matters are reserved to the Board for its decision and certain matters are delegated to the senior management.

THE BOARD OF DIRECTORS (Continued)

Composition and function (Continued)

The Board is responsible for, inter alia:

- (a) reviewing and approving the strategic direction of the Group established by Executive Directors in conjunction with the management;
- (b) reviewing and approving objectives, strategies and business development plans set by executive committee of the Company (“Executive Committee”);
- (c) monitoring the performance of the CEO and the senior management;
- (d) assuming responsibility for corporate governance;
- (e) approving the nominations of directors; and
- (f) reviewing the effectiveness of the internal control system of the Group.

The senior management and the Executive Committee, under the leadership of the CEO, are responsible for:

- (a) formulating strategies and business development plans, submitting the same to the Board for approval and implementing such strategies and business development plans thereafter;
- (b) submitting reports on the Group’s operations to the Board on a regular basis;
- (c) reviewing annual budgets and submitting the same to the Board for approval;
- (d) reviewing salary increment proposal and remuneration policy and submitting the same to the Board for approval; and
- (e) assisting the Board in conducting the review of the effectiveness of the internal control system of the Group.

The Board has also formulated written guidelines determining which matters require a decision of the full board and which of the executive board.

Independence of INEDs

Pursuant to the requirements of the Listing Rules, the Company has received annual written confirmations from each INED of his independence to the Group and the Company considered all INEDs to be independent.

Proceedings and retirement of directors

In accordance with the bye-laws of the Company, subject to the manner of retirement by rotation of directors as from time to time prescribed under the Listing Rules and notwithstanding any contractual or other terms on which any director may be appointed or engaged, at each annual general meeting, one-third of the directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

All three INEDs are appointed for a term of two years and three months commencing from 1st January 2006 until 31st March 2008, and are subject to retirement and re-election by rotation at the annual general meeting under the Company’s bye-laws.

All directors have access to board papers and related materials, and are provided with adequate information on a timely manner. The directors may, if necessary, seek legal or other independent professional advice at the expense of the Company pursuant to a written guideline adopted by the Board. In respect of regular board meetings or committee meetings, the agenda is sent out to the directors at least fourteen days before the meeting and the accompanying papers are sent at least three days before the intended date of meeting for information.

THE BOARD OF DIRECTORS (Continued)

Directors' responsibilities

In relation to the financial reporting, all directors acknowledge their responsibilities for preparing the financial statements of the Group. The Group has appropriate insurance in place to cover the liabilities of the directors and senior management of the Group.

GOVERNANCE STRUCTURE

As an integral part of good corporate governance, the Board has established the following committees. The authorities, functions, composition and duties of each of the committees are set out below:

1 Executive Committee

The Executive Committee comprises Mr TIONG Kiu King, Mr TIONG Kiew Chiong, Mr ONG See Boon (Group Editorial Director and Special Assistant to the Chairman), Mr CHEUNG Kin Bor (Editor-in-chief of Ming Pao Daily News) and Mr Keith KAM Woon Ting (Chief Operating Officer of Ming Pao Holdings Limited and Mingpao.com Limited).

The Executive Committee is the decision-making body for day-to-day operation and its main duties include performing duties delegated by the Board and exercising the authorities and rights authorised by the same pursuant to written guidelines.

2 Remuneration Committee

The Remuneration Committee was established on 25th May 2005 with specific terms of reference that specify its authorities and duties. The Remuneration Committee has four members, namely, Mr TANG Ying Yu, Mr David YU Hon To, Mr Victor YANG and Mr TIONG Kiew Chiong. Except Mr TIONG Kiew Chiong, the rest are all INEDs and Mr David YU Hon To is the chairman of the Remuneration Committee.

The functions of the Remuneration Committee include, among other things, making recommendations to the Board on the Company's policy and structure for remuneration of the directors and senior management; establishing a formal and transparent procedure for developing policy on remuneration; and determining specific remuneration packages for the directors and senior management.

The remuneration of all the directors and their respective interest in share options are set out in note 13 to the financial statements and under the "Share Option Schemes" paragraph in the Report of the Directors of this Annual Report.

Since the establishment of the Remuneration Committee, it has reviewed the policies and structure for the remuneration of its directors and senior management and offered advice on the same to the Board.

3 Nomination Committee

The Nomination Committee was established on 25th May 2005 with specific terms of reference that specify its authorities and duties. The Nomination Committee has four members, namely, Mr TANG Ying Yu, Mr David YU Hon To, Mr Victor YANG and Mr TIONG Kiew Chiong. Except Mr TIONG Kiew Chiong, the rest are all INEDs and Mr Victor YANG is the chairman of the Nomination Committee.

The functions of the Nomination Committee include, among other things, making recommendations to the Board on the Group's nomination policy and procedures and recommending candidates for directorship.

Since the establishment of the Nomination Committee, it has reviewed the structure, size and composition of the Board and made recommendation on the same to the Board.

GOVERNANCE STRUCTURE (Continued)

4 Audit Committee

The Audit Committee has been established since 1999 with specific terms of reference that specify its authorities and duties. The Audit Committee is composed of the three INEDs, namely, Mr TANG Ying Yu, Mr David YU Hon To and Mr Victor YANG. Mr David YU Hon To is the chairman of the Audit Committee.

The functions of the Audit Committee include, among other things, overseeing the relationship with the Company's external auditors; making recommendations to the Board on the appointment, re-appointment and removal of the external auditors; reviewing the financial information of the Group including monitoring the integrity of the Group's financial statements, annual report, half-year report and reviewing significant financial reporting judgments contained therein; and overseeing the Group's financial reporting system and internal control procedures.

The Audit Committee has met regularly with the management and the external auditors, and reviewed audited financial statements for the year ended 31st March 2006; interim report for the six months ended 30th September 2005; external auditors' audit plan; and report from the external auditors on the audit of the Group's financial statements. In addition, the Audit Committee has made recommendation to the Board on the re-appointment of the external auditors; and setting up of an internal audit department of the Group.

NUMBER OF MEETINGS AND ATTENDANCE RATE

The following shows the number of regular board meetings and committee meetings held during the year as well as the attendance rate of each director.

Attendance rate

Name of director	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Tan Sri Datuk TIONG Hiew King	2/4	N/A	N/A	N/A
Mr TIONG Kiu King	4/4	N/A	N/A	N/A
Dr TIONG Ik King	4/4	N/A	N/A	N/A
Mr TIONG Kiew Chiong	4/4	N/A	4/4	3/3
Mr TANG Ying Yu	4/4	2/3	3/4	3/3
Mr David YU Hon To	4/4	3/3	4/4	3/3
Mr Victor YANG	4/4	3/3	4/4	3/3

THE DIVISION OF RESPONSIBILITIES BETWEEN THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

With a view to maintaining an effective segregation of duties, the positions of Chairman and CEO are held by different persons and each plays a distinctive role. The Chairman is mainly responsible for the leadership and effective operation of the Board and ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner, and the CEO is delegated with the authority and is mainly responsible for operating the Group's business and implementing the approved strategies in achieving the corporate objectives.

EXTERNAL AUDITORS

PricewaterhouseCoopers was appointed as the Group's external auditors for the year ended 31st March 2006. During the year, PricewaterhouseCoopers provided the following audit and non-audit services to the Group:

	HK\$'000
Annual audit and interim review services	3,123
Non-audit services	
IPO (<i>note</i>)	1,170
Other services	238
	4,531

Note: The fee related to the IPO of OMG.

PricewaterhouseCoopers will retire and offer themselves for re-appointment at the annual general meeting of the Company to be held in September 2006.

A statement by PricewaterhouseCoopers about their reporting responsibilities on the financial statements of the Group is set out in the Auditors' Report section of this Annual Report on page 31.

SHAREHOLDERS' RIGHTS

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include general meetings, interim and annual reports, announcements and circulars. Procedure for voting by poll has been included in the circulars of the Company accompanying notices convening general meetings and has been read out by the chairman at the general meetings held in 2005.

At the 2005 annual general meeting, a separate resolution was proposed by the chairman in respect of each separate issue, including re-election of directors. The respective chairman of the Board, Audit Committee, Remuneration Committee and Nomination Committee attended the 2005 annual general meeting to answer questions raised by shareholders.

INTERNAL CONTROL

The Board has regularly conducted review on the internal control system of the Company and will take any necessary and appropriate action to maintain an adequate internal control system to safeguard shareholders' investments and the Company's assets. The effectiveness of the internal control system was discussed on an annual basis with the Audit Committee.