

Corporate Governance Report

企業管治報告

The Board of Directors of the Company (the “Board”) is committed to good standards of corporate governance in order to protect and enhance the interests of our shareholders.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the code provisions on the Code on Corporate Governance Practices (the “CG Code”) (with the exception of code provision C.2 on internal control which is effective for accounting periods commencing on or after 1 July 2005) 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”) throughout the year ended 31 March 2006, except for the following deviations:-

Code Provision A.2.1 of the CG Code

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any officer with the title of “chief executive officer” (“CEO”) but instead the duties of a CEO are performed by Dr. Yap, Allan, the Managing Director of the Company, in the same capacity as the CEO of the Company.

Code Provision A.4.1 of the CG Code

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors are not appointed for a specific term. However, all directors (including executive and non-executive) are subject to retirement by rotation at annual general meeting of the Company in accordance with bye-law 87(2) of the Bye-Laws of the Company.

As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.

本公司董事會（「董事會」）致力於良好水平之企業管治，以保障及提升本公司股東之利益。

企業管治常規

本公司於截至二零零六年三月三十一日止整個年度內已採納香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載企業管治常規守則（「企業管治守則」）之有關原則及已遵守所有守則條文（惟於二零零五年七月一日或之後開始的會計期間生效之內部監控守則條文第C.2條除外），惟下列偏離事項除外：

企業管治守則之守則條文第A.2.1條

根據企業管治守則之守則條文第A.2.1條，主席與行政總裁的角色應有區分，且不應由同一人擔任。本公司現時並無設立「行政總裁」（「行政總裁」）之職位，然而行政總裁之職責乃由本公司董事總經理Yap, Allan博士履行，職權猶如本公司行政總裁一樣。

企業管治守則之守則條文第A.4.1條

根據企業管治守則之守則條文第A.4.1條，非執行董事應有指定任期，惟須予重選。現有獨立非執行董事並無指定任期。然而，所有董事（包括執行及非執行）均須根據本公司之公司細則第87(2)條於本公司股東週年大會上輪值告退。

有鑑於此，本公司認為，已採取足夠之措施以確保本公司之企業管治常規之嚴謹程度不遜於企業管治守則所載者。

THE BOARD

Composition of the Board

The Board represents shareholders of the Company in managing the Company's affairs. The Board currently consists of seven members, including three executive directors, namely Dr. Chan Kwok Keung, Charles (Chairman), Dr. Yap, Allan (Managing Director) and Mr. Lui Siu Tsuen, Richard (Deputy Managing Director), and four independent non-executive directors, namely Messrs. Yuen Tin Fan, Francis, Kwok Ka Lap, Alva, Wong King Lam, Joseph and Sin Chi Fai. Biographical details of all directors and the relevant relationships among them are set out in "Directors' and Senior Management's Profile" on pages 19 to 20 of the annual report.

The Board includes a balanced composition of executive directors and independent non-executive directors and possess a wide spectrum of relevant skills and experience. Among all independent non-executive directors, one of them has the professional accounting qualification as required by the Listing Rules. The Company has received an annual confirmation from each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all of independent non-executive directors to be independent.

The Board meets regularly throughout the year as and when required. Sufficient notices are given to all directors before the regular board meetings and all directors are consulted to include any matters in the agenda. Agenda and accompanying board papers are given to all directors in a timely manner before the appointed date of the meetings. All Board members are kept informed of material changes about the Group's businesses and have full access to the Company Secretary with a view to ensuring the Board procedures and all applicable rules and regulations are followed.

董事會

董事會之組成

董事會代表本公司股東管理本公司事務。董事會目前由七名成員組成，包括三名執行董事（即陳國強博士（主席）、Yap, Allan博士（董事總經理）及呂兆泉先生（副董事總經理）），以及四名獨立非執行董事（即袁天凡先生、郭嘉立先生、黃景霖先生及冼志輝先生）。所有董事之履歷詳情及彼等間之相關關係載於本年報第19頁至20頁之「董事及高層管理人員簡歷」內。

董事會包括執行董事及獨立非執行董事間之平衡組合並擁有廣泛之相關技能及經驗。在所有獨立非執行董事中，其中一名具有上市規則規定之專業會計資格。本公司已接獲各獨立非執行董事根據上市規則第3.13條所作出之年度確認書。本公司認為所有獨立非執行董事均為獨立。

董事會於整個年度內（倘及當有需要時）定期會晤。足夠之通知會於常規董事會會議前向所有董事發出，及諮詢所有董事以將任何事宜載入會議議程中。會議議程及隨附之董事會文件將於指定之會議日期前及時向所有董事發出。所有董事會成員均獲知會本集團業務之重大變動，並可充分接觸公司秘書，藉以確保遵循董事會程序及所有適用規則及規例。

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During the year ended 31 March 2006, four meetings were held by the Board. Individual attendance of each Board member at these meetings is shown below:

於截至二零零六年三月三十一日止年度內，董事會已舉行四次會議。各董事會成員之個別出席該等會議之情況載列如下：

Name of Director	董事姓名	Number of Board Meetings attended/held 已出席／已舉行之 董事會會議次數
<i>Executive Directors</i>		
Dr. Chan Kwok Keung, Charles (<i>Chairman</i>)	執行董事 陳國強博士 (主席)	4/4
Dr. Yap, Allan (<i>Managing Director</i>)	Yap, Allan博士 (董事總經理)	4/4
Mr. Lui Siu Tsuen, Richard (<i>Deputy Managing Director</i>)	呂兆泉先生 (副董事總經理)	4/4
Mr. Chan Kwok Hung (<i>Note 1</i>)	陳國鴻先生 (附註1)	0/1
<i>Non-Executive Directors</i>		
Mr. Fok Kin-ning, Canning (<i>Note 2</i>)	非執行董事 霍建寧先生 (附註2)	0/1
Mr. Ip Tak Chuen, Edmond (<i>Note 2</i>)	葉德銓先生 (附註2)	0/1
Mr. Cheung Hon Kit (<i>Note 2</i>)	張漢傑先生 (附註2)	0/1
Ms. Shih, Edith (<i>Note 3</i>) (<i>Alternate to Mr. Fok Kin-ning, Canning</i>)	施熙德女士 (附註3) (霍建寧先生之替任董事)	0/1
<i>Independent Non-executive Directors</i>		
Mr. Yuen Tin Fan, Francis	獨立非執行董事 袁天凡先生	3/4
Mr. Kwok Ka Lap, Alva	郭嘉立先生	4/4
Mr. Wong King Lam, Joseph	黃景霖先生	4/4
Mr. Sin Chi Fai (<i>Note 4</i>)	冼志輝先生 (附註4)	3/3

Notes:

- Mr. Chan Kwok Hung retired as executive director at the annual general meeting of the Company (the "AGM") held on 1 September 2005.
- Messrs. Fok Kin-ning, Canning ("Mr. Fok"), Ip Tak Chuen, Edmond and Cheung Hon Kit retired as non-executive directors at the AGM held on 1 September 2005.
- Ms. Shih, Edith ceased to be an alternate director to Mr. Fok following Mr. Fok's retirement as non-executive director at the AGM held on 1 September 2005.
- Mr. Sin Chi Fai was appointed as independent non-executive director with effect from 12 December 2005.

附註:

- 陳國鴻先生已在本公司於二零零五年九月一日舉行之股東週年大會(「股東週年大會」)上退任執行董事。
- 霍建寧先生(「霍先生」)、葉德銓先生及張漢傑先生已於二零零五年九月一日舉行之股東週年大會上退任非執行董事。
- 繼霍先生於二零零五年九月一日舉行之股東週年大會上退任非執行董事職務後，施熙德女士不再出任霍先生之替任董事。
- 冼志輝先生自二零零五年十二月十二日起獲委任為獨立非執行董事。

The principal functions of the Board are to formulate corporate strategy and direction with the objective of enhancing shareholder value, to consider the Group's major corporate matters, to monitor and control the operating and financial performance of the Group. Day-to-day management of the Group's business is delegated to the management of the Company under the supervision of the Managing Director. The delegation of responsibilities and authority is reviewed regularly to ensure that the appropriate reporting systems are in place. The Board has established three committees with specific responsibilities to manage and oversee particular aspects of the Company's affairs. Each committee is appointed with written terms of reference and is accountable to the full Board. The Board has reserved for its decision and consideration matters covering corporate strategy, dividend policy, major acquisitions, disposals and capital transactions, annual and interim results, changes of members of the Board and its committees, and other significant operational and financial matters. A written procedure has been agreed for directors to seek independent professional advice at the Company's expense upon their request.

The Company has arranged for Directors' and Officers' Liability Insurance to indemnify its Directors and management staff against potential liabilities incurred by them in discharging their duties. The insurance coverage for the Directors and management staff is reviewed on an annual basis.

Chairman and Managing Director

The Company fully recognizes that the respective role of Chairman and Managing Director should be distinct and separated. The position of the Chairman and Managing Director are held by Dr. Chan Kwok Keung, Charles and Dr. Yap, Allan respectively. The Chairman is responsible for leadership of the Board while the Managing Director is responsible for the day-to-day management of the Group. A clear division of responsibilities at the board level is maintained in order to entail a balance of power and authority.

Appointment, Re-election and Removal of Directors

The Company has not established a nomination committee. The Board as a whole is responsible for considering and approving the appointment of its members and nominating them for election and re-election by the shareholders of the Company in order to ensure the Board to have adequate skills and experience for further shareholder interest.

The non-executive directors are not appointed for specific term. Under the Bye-Laws of the Company, all directors (including executive directors and independent non-executive directors) are subject to retirement by rotation at least once every three years.

Induction program is arranged for the newly appointed director on the latest information of the Group. The comprehensive orientation package is also provided detailing the responsibilities and duties of being a director and the requirements under the applicable rules and regulations of the Company.

董事會之主要職能為制定企業策略及方向以提升股東價值、審議本集團主要企業事宜以及監控本集團營運及財務表現。本集團業務之日常管理在董事總經理監督下由本公司管理層負責。委派之職責及授予之職權將定期進行檢討，以確保適當之報告體系就位。董事會已設立三個委員會並具有特定職責，以管理及監督本公司事務之特定方面。各委員會均書面定明職權範圍並向全體董事會負責。董事會有權決定及考慮涉及企業策略、股息政策、主要收購、出售及資本交易、年度及中期業績、董事會及其委員會成員之變更以及其他重大營運及財務事宜。已協定一項書面程序，以便在董事提出尋求獨立專業意見之要求時，由本公司承擔有關費用。

本公司已為其董事及管理層人員安排董事及管理層人員責任保險，以賠償彼等因履行各自之職責而引起之潛在責任。董事及管理層人員之保險範圍於每年進行檢討。

主席及董事總經理

本公司深知主席及董事總經理各自之角色應是不同及分開的。主席及董事總經理之職位由陳國強博士及Yap, Allan 博士分別擔任。主席負責領導董事會，而董事總經理則負責本集團之日常管理。將維持董事級別責任之明確劃分，以達致權力及職權之平衡。

委任、重選及罷免董事

本公司並無設立提名委員會。全體董事會負責考慮及批准委任其成員及提名彼等以供本公司股東進行遴選及重選連任，以確保董事會就進一步之股東利益具備充足之技能及經驗。

非執行董事並無指定任期。根據本公司之公司細則，所有董事（包括執行董事及獨立非執行董事）均須至少每三年輪值退任一次。

就本集團之最新資料為新委任董事安排就任計劃。亦提供全面之迎新資料，詳述董事之責任與職責以及本公司適用之規則及規例之有關規定。

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BOARD COMMITTEES

The Board has established committees to assist in carrying out its responsibilities. Three committees have been appointed, including an Executive Committee, a Remuneration Committee and an Audit Committee. The committees report regularly to the Board and where appropriate, make recommendations on matters for consideration.

Executive Committee

The Executive Committee was established in December 2005 which comprises all executive directors, namely Dr. Chan Kwok Keung, Charles, Dr. Yap, Allan and Mr. Lui Siu Tsuen, Richard. The Executive Committee meets as and when required to oversee the day-to-day management and operation of the Group's business and has all the general powers of the Board except those matters specifically reserved for the Board which are reviewed by the Board from time to time.

Remuneration Committee

The remuneration committee was established by the Company in December 2005 with a majority of members being independent non-executive directors. The Remuneration Committee consists of two independent non-executive directors, namely Messrs. Kwok Ka Lap, Alva and Wong King Lam, Joseph and one executive director, namely Mr. Lui Siu Tsuen, Richard. Mr. Kwok Ka Lap, Alva acts as the Chairman of Remuneration Committee. The Remuneration Committee is responsible for making recommendations to the Board on issues including review management succession planning for senior management of the Company; formulate and review remuneration policy and packages of all directors and senior management; and review and approve compensation packages, roles and responsibilities and performance assessment of employees of the Group.

The Remuneration Committee met once during the year ended 31 March 2006 to review the remuneration package of a senior management. Individual attendance of each Remuneration Committee member at the meeting is shown below:

Name of Remuneration Committee Member	薪酬委員會成員之姓名	Number of Remuneration Committee Meeting attended/held 已出席／已舉行之 薪酬委員會會議次數
Mr. Kwok Ka Lap, Alva (Chairman)	郭嘉立先生 (主席)	1/1
Mr. Wong King Lam, Joseph	黃景霖先生	1/1
Mr. Lui Siu Tsuen, Richard	呂兆泉先生	1/1

董事委員會

董事會已設立委員會，以協助履行其職責。三個委員會已獲委派，包括執行委員會、薪酬委員會及審核委員會。該等委員會定期向董事會報告及（倘適當）就考慮有關事宜作出推薦建議。

執行委員會

執行委員會於二零零五年十二月設立，由全體執行董事組成，即陳國強博士、Yap, Allan博士及呂兆泉先生。執行委員會（倘及當有需要時）將會面以監督本集團業務之日常管理及營運，以及擁有董事會之一般權力（惟特別為董事會保留須經董事會不時檢討之事宜則除外）。

薪酬委員會

薪酬委員會於二零零五年十二月設立，且大多數成員為獨立非執行董事。薪酬委員會由兩名獨立非執行董事（即郭嘉立先生及黃景霖先生）及一名執行董事（即呂兆泉先生）組成。郭嘉立先生擔任薪酬委員會主席。薪酬委員會負責就包括檢討本公司高級管理人員之管理人員繼任計劃；制定及檢討所有董事及高層管理人員之薪酬政策及配套；及檢討及批准本集團僱員之薪酬、角色及責任以及表現評估向董事會作出推薦意見。

薪酬委員會於截至二零零六年三月三十一日止年度內已會晤一次，以檢討一名高層管理人員之薪酬方案。各薪酬委員會成員之個別出席該會議之情況載列如下：

Audit Committee

The Audit Committee has been set up by the Company since 1999. Major roles and functions of the Audit Committee are as follows:

- (a) To consider the appointment, re-appointment and removal of the auditors, and to approve the remuneration and the terms of engagement of the auditors, and any questions of resignation or dismissal of the auditors of the Group;
- (b) To assess the independence of auditors and discuss with the auditors the nature and scope of the audit;
- (c) To review interim and annual accounts before submission to the Board;
- (d) To review the financial controls, internal controls and risk management system of the Group and make recommendations to the Board; and
- (e) To review the auditors' management letter and material queries raised by the auditors to management in respect of accounting records, financial accounts or systems of control and management's response.

The Audit Committee is composed of three independent non-executive directors, namely Messrs. Wong King Lam, Joseph (who acts as Chairman of the Committee), Kwok Ka Lap, Alva and Sin Chi Fai. All Audit Committee members have appropriate qualifications and experience to properly discharge its roles and responsibilities.

審核委員會

本公司自一九九九年已成立審核委員會。審核委員會之主要角色及職能如下：

- (a) 考慮委任、重新委任及罷免核數師、批准核數師之薪酬及聘用條款以及本集團核數師辭任或離任之任何問題；
- (b) 評估核數師之獨立性，並與核數師討論審核之性質及範圍；
- (c) 於中期及年度賬目呈交予董事會之前審閱該等賬目；
- (d) 檢討本集團之財務監控、內部監控及風險管理系統，並向董事會作出推薦意見；及
- (e) 審閱核數師之管理函件及核數師就有關會計記錄、財務賬目或控制系統及管理層回應事宜提出之重大問題。

審核委員會由三名獨立非執行董事組成，即黃景霖先生（擔任審核委員會主席）、郭嘉立先生及冼志輝先生。所有審核委員會成員均擁有可適當地履行其角色及職責之適當資格及經驗。

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During the year ended 31 March 2006, the Audit Committee held two meetings to review with the management and the auditors the audited financial statements for the year ended 31 March 2005 and the unaudited interim financial statements for the six months ended 30 September 2005, with the recommendations to the Board for approval; and has reviewed with the management the accounting principles and policies adopted by the Group and the financial statements for the year ended 31 March 2006. Individual attendance of each Audit Committee member at these meetings is shown below:

於截至二零零六年三月三十一日止年度，審核委員會曾舉行兩次會議，與管理層及核數師一同審閱截至二零零五年三月三十一日止年度之經審核財務報表及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，並提供推薦意見予董事會審批；並已與管理層一同審核本集團已採納之會計原則及政策以及截至二零零六年三月三十一日止年度之財務報表。各審核委員會成員之個別出席於該等會議之情況如下：

Name of Audit Committee Member	審核委員會成員姓名	Number of Audit Committee Meetings attended/held 已出席／已舉行之審核委員會會議次數
Mr. Wong King Lam, Joseph (<i>Chairman</i>)	黃景霖先生 (主席)	2/2
Mr. Kwok Ka Lap, Alva	郭嘉立先生	2/2
Mr. Sin Chi Fai (appointed on 12 December 2005)	冼志輝先生 (於二零零五年十二月十二日獲委任)	1/1
Mr. Cheung Hon Kit (retired at the AGM on 1 September 2005)	張漢傑先生 (於二零零五年九月一日舉行之股東週年大會上辭任)	0/1

AUDITORS' REMUNERATION

核數師酬金

For the year ended 31 March 2006, the amount paid to Messrs. Deloitte Touche Tohmatsu, the auditors of the Company in respect of the audit and non-audit services provided are as follows:

於截至二零零六年三月三十一日止年度，就德勤•關黃陳方計會師行(本公司核數師)已提供之審核及非審核服務而支付予其之金額如下：

Type of services		Amount (HK\$'000) 金額 (千港元)
Audit	審核	13,826
Non-audit services	非審核服務	
Taxation	稅項	52
Other services	其他服務	8,167
Total:	合計：	22,045

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

遵守董事進行證券交易之標準守則

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions (the "Model Code"). Having made specific enquiry by the Company, all directors have confirmed the compliance with the required standard set out in the Model Code during the year ended 31 March 2006.

本公司已採納上市規則附錄十所載之標準守則作為其董事進行證券交易之操作準則(「標準守則」)。本公司在作出具體查詢後，所有董事均確認，彼等於截至二零零六年三月三十一日止年度一直遵守標準守則所載之規定標準。

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the audited financial statements for the year ended 31 March 2006, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the audited financial statements on a going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The responsibilities of the auditors to the shareholders are to form an independent opinion, based on the audit, on those financial statements and their opinion on the consolidated financial statements of the Group for the year ended 31 March 2006 is set out in "Report of the Auditors" on pages 41 and 42 of the annual report.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to ensure that the Company maintains on-going dialogue with shareholders to provide them with information necessary to evaluate the performance of the Company. The primary communication channel between the Company and its shareholders includes the publication of interim and annual reports, press releases on newspapers, annual general meeting and other general meetings, and the Company's website.

Separate resolutions are proposed at general meetings on each substantially separate issue, including the election or re-election of individual directors. Details of procedure for demanding a poll is included in all circulars of the Company despatched to the shareholders of the Company.

董事及核數師就財務報表所承擔之責任

董事負責編製各財政期間真實及公平反映本集團財務狀況及該期間業績及現金流量之財務報表。在編製截至二零零六年三月三十一日止年度之經審核財務報表時，董事已選擇適當會計政策及持續應用該等會計政策，作出審慎、公平及合理之判斷及預測，並按持續基準編製經審核財務報表。董事亦負責存置隨時均可合理準確披露本集團財務狀況之適當會計記錄，以保護本集團資產及採取合理措施防止及查明欺詐及其他違規行為。

核數師對股東所負之責任是根據對有關財務報表作出之審核作出獨立意見，彼等對本集團截至二零零六年三月三十一日止年度之綜合財務報表之意見載於本年報第41至42頁之「核數師報告」內。

與股東溝通

本公司致力於確保本公司與股東維持持續對話，以向股東提供必需資料，以評估本公司之表現。本公司與其股東之間之主要交流方式包括刊發中期及年度報告、在報章上發布新聞、舉行股東週年大會及其他股東大會以及瀏覽公司網站。

就各項重大不同事務（包括選舉或重選個別董事）於股東大會上提呈個別決議案。要求以數票表決方式表決之程序詳情載於本公司已寄發給本公司股東之所有通函內。