

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders. The Board believes that good corporate governance provides a framework and platform that is essential for and advantageous to effective management and successful business growth.

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "CG Code") 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 31st March, 2006, the Company has complied with the code provisions of the CG Code except for the provisions A.1.1, A.2.1 and A.4.1, details of and considered reasons for which are set out below.

The Board is collectively and ultimately responsible for how the Company is managed, its strategic direction and performance. The Board meets to plan, decide and review these matters, which resolutions are put to a vote. In particular, approval of the Board is required for adopting the strategy of the Group from time to time, authorizing the Group's yearly budget, major acquisitions and disposals of the Group, major capital investments, dividend policy and recommendation, appointment and retirement of Directors and senior management, their remuneration policy and other major operational and financial matters. Day-to-day operations of the Group and implementation of the Board's decisions and strategy are delegated to the Company's management team.

The Board is collectively responsible for preparing the consolidated financial statements of the Group which were prepared on a going concern basis. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Also, there is no disagreement between the Board and the Audit Committee regarding the selection of the auditors.

本公司承諾建立良好之企業管治常規及程序，冀能成為一家具透明度及負責任之機構，以開放態度向股東問責。董事會相信良好之企業管治可提供一個必要及有利於績效管理及成功業務增長之框架及平台。

本公司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所載列之企業管治常規守則（「企業管治常規守則」）之守則條文。

於截至二零零六年三月三十一日止整個年度內，本公司已遵守企業管治常規守則之守則條文，惟不包括條文A.1.1、A.2.1及A.4.1，有關詳情及所考慮原因載列於下文。

董事會共同及最終就本公司如何管理、其策略方向及表現負上責任。董事會於會議上計劃、決定及審閱此等事項，並就此提呈決議案以供表決。尤其須經由董事會批准之事項為不時採納本集團之策略、批准本集團之年度預算、本集團之主要收購及出售事項、主要股本投資、股息政策及推薦建議、董事及高級管理人員之委任及退任、彼等之酬金政策及其他主要經營及財務事項。本集團之日常業務及落實董事會之決定及策略均已授權由本公司管理隊伍執行。

董事會就編製以持續經營基準編製之本集團綜合財務報告共同負上責任。並無任何重大不明確因素涉及可能對本公司持續經營之能力構成重大疑問之事件或情況。此外，董事會與審核委員會就挑選核數師一事並無分歧。

Corporate Governance Report

企業管治報告

The Board has also conducted a review of the effectiveness of the system of internal control of the Group and is satisfied with the results of the review.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules on terms no less exacting as the guidelines for the Directors in respect of their dealings in securities of the Company.

Upon specific enquiry made by the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code for the year ended 31st March, 2006.

THE BOARD OF DIRECTORS

As at the date of this annual report, the Board comprises the following Directors:

Executive Directors

Mr. Pan Su Tong (*Chairman & Chief Executive Officer*)
Mr. Dong Zhi Qiang

Independent Non-Executive Directors

Mr. Lai Chi Kin, Lawrence
Dr. Ng Lai Man, Carmen
Dr. Cheng Kwan Wai, Sunny

The biographical details of each Director are disclosed on pages 16 and 17 of this annual report.

Independent Non-Executive Directors

During the year ended 31st March, 2006, the Board at all times satisfied the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors (per rule 3.10(1)) with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise (per rule 3.10(2)).

董事會亦已就本集團之內部監控系統進行檢討，並對檢討結果感到滿意。

董事之證券交易守則

本公司亦已採納一套比上市規則附錄10載列之上市公司董事進行證券交易的標準守則（「標準守則」）所訂的標準更高的準則，作為董事就買賣本公司證券之指引。

本公司於作出具體查詢後，所有董事確認彼等於截至二零零六年三月三十一日止年度已一直遵守標準守則載列之規定標準。

董事會

於本年報日期，董事會由下列董事組成：

執行董事

潘蘇通先生（主席兼行政總裁）
董志強先生

獨立非執行董事

黎志堅先生
吳麗文博士
鄭君威博士

各董事之履歷詳情於本年報第16頁及第17頁披露。

獨立非執行董事

於截至二零零六年三月三十一日止年度內，董事會於所有時間均符合上市規則有關委任至少三名獨立非執行董事之規定（根據規則第3.10(1)條），而其中至少一名獨立非執行董事擁有適當之專業資格或會計或相關財政管理專業知識（根據規則第3.10(2)條）。

Each Independent Non-Executive Director has, pursuant to the guidelines set out in rule 3.13 of the Listing Rules, confirmed his/her independence and is continued to be considered by the Company to be independent.

各獨立非執行董事已(根據上市規則第3.13條載列之指引)確認其獨立性及繼續被本公司視為獨立人士。

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the CG Code throughout the year ended 31st March, 2006 save for the following:

企業管治常規守則

本公司於截至二零零六年三月三十一日止整個年度已遵守企業管治常規守則之守則條文，惟下列條文除外：

Paragraph A.1.1 of the CG Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals.

企業管治常規守則第A.1.1段規定，董事會每年應至少舉行四次會議，大約相隔一季舉行一次。

During the financial year ended 31st March, 2006, the Board held three regular meetings. Details of individual attendance of each Director are as follows:

於截至二零零六年三月三十一日止財政年度，董事會已舉行三次例會。各董事之個別出席詳情如下：

Directors

董事

Date of Board Meeting

董事會會議日期

		20th July, 2005 二零零五年 七月二十日	28th September, 2005 二零零五年 九月二十八日	30th November, 2005 二零零五年 十一月三十日
Pan Su Tong	潘蘇通	✓✓	✓✓	✓✓
*Siu Wai Yip, James	*蕭偉業	✓	✓	✓
**Huang Hui	**黃暉	✓	x	N/A
Dong Zhi Qiang	董志強	✓	x	✓
Lai Chi Kin, Lawrence	黎志堅	✓	✓	✓
Ng Lai Man, Carmen	吳麗文	✓	✓	✓
Cheng Kwan Wai, Sunny	鄭君威	✓	✓	✓

Remarks:

- ✓ = attended the meeting
- ✓✓ = attended and chaired the meeting
- x = absent
- N/A = not applicable
- * Mr. Siu Wai Yip, James resigned as Executive Director on 21st February, 2006.
- ** Mr. Huang Hui resigned as Executive Director on 1st November, 2005.

附註:

- ✓ = 出席會議
- ✓✓ = 出席及主持會議
- x = 缺席
- N/A = 不適用
- * 蕭偉業先生於二零零六年二月二十一日辭任執行董事。
- ** 黃暉先生於二零零五年十一月一日辭任執行董事。

Corporate Governance Report

企業管治報告

The Board scheduled to hold further Board meetings during December 2005 to March 2006, which, due to the conflicting schedules of the members of the Board unfortunately rendered it complicated to arrange for such formal Board meetings. As a result, the number of regular Board meetings held during the year fell short of the four times a year as required by the CG Code. However, the Board recognises the importance to have regular communication and consideration of Group matters and thus held discussions and provided relevant information via telephone conversations, e-mails and faxes at such intervals as and when necessary, while resolutions were adopted on 29th December, 2005, 12th January, 2006, 20th January, 2006, 1st February, 2006 and 18th February, 2006 respectively by written resolutions duly signed by all the Directors in accordance with the Articles of Association of the Company.

The Board considers that the arrangements and avenue entrenched in the Company's Articles of Association of adopting resolutions in writing by signature of all Directors provided an invaluable flexibility and efficiency in meeting with the urgent and particular needs of the Board from time to time.

Chairman and Chief Executive Officer

Paragraph A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual for a balance of power and authority.

The Company understands this division of responsibilities between the chairman and chief executive officer. Traditionally, the chairman provides leadership to the board of directors and formulate, together with the board, the business strategies and long-term objectives of the company whilst the chief executive officer carries out the decisions made by the board of directors and, with the support of the executive directors, is responsible for the day-to-day management and operation of the company's business.

董事會曾計劃於二零零五年十二月至二零零六年三月期間再舉行董事會會議，但因董事會成員之時間安排出現衝突，並不幸地導致難以安排該次董事會正式會議。因此，年內舉行之董事會例會次數少於企業管治常規守則規定之一年四次。然而，董事會對定期溝通及考慮本集團事項之重要性表示認同，因此於有需要之期間透過電話對話、電郵及傳真進行討論及提供有關資料，而根據本公司之公司組織章程細則，所有董事分別於二零零五年十二月二十九日、二零零六年一月十二日、二零零六年一月二十日、二零零六年二月一日及二零零六年二月十八日透過正式簽署之書面決議案採納決議案。

董事會認為於本公司之公司組織章程細則內有關所有董事以書面簽署方式採納決議案之安排及途徑，可於會議上提供靈活及效益之優點，隨時處理董事會之緊急及特別需要。

主席及行政總裁

企業管治常規守則第A.2.1段規定，主席及行政總裁之角色應分開及不應由同一人兼任，以平衡權力及授權。

本公司對主席及行政總裁間之此項職責分割表示理解。傳統上，主席領導董事會及制訂（連同董事會）公司之業務策略及長期目標，而行政總裁則執行董事會作出之決定，並在執行董事支持下，回應日常管理及公司業務運作事宜。

Currently, Mr. Pan Su Tong is serving both as the Company's Chairman and Chief Executive Officer. However, the Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company. This is because the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Further, decisions of the Board or collective decisions made by way of majority voting. The Board believes that this structure is conducive to strong, prompt response and efficient management and implementation.

Paragraph A.4.1 of the CG Code 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 are subject to retirement by rotation at least once every three years at the Company's annual general meeting in accordance with the Articles of Association of the Company. The Board believes that such practice will offer stability at the Board level while at the same time, independence is safeguarded by the necessary rotation, retirement and re-election procedures which involves shareholders' approval.

BOARD COMMITTEES

Nomination of Directors

The Company does not have a nomination committee. Instead, the Board is responsible for all matters relating to the appointment of Directors, either to fill casual vacancies or as an addition to the existing Directors.

During the financial year, the Board did not meet to consider the need for additional appointment(s) to the Board. The individual attendance at Board meetings has been set out above. Having reviewed and considered the needs of the Company in terms of strategic direction and other high-level matters, the Board was of the view that with continued dedicated support of all the Directors, the Board can continue to duly discharge its duties and therefore did not proposed to appoint any additional Director. Consequently, no nomination or recommendation of candidates was discussed.

目前，潘蘇通先生同時擔任本公司之主席及行政總裁。然而，董事會認為該情況不會影響董事會與本公司管理層間之權力及授權之平衡。原因為該項權力及授權之平衡可透過董事會之運作而得到保證，而董事會則由具備豐富經驗及處事持正之才智卓越人士組成。此外，董事會決定均透過大多數表決通過。董事會相信，該架構有利於作出有力及迅速回應，及有效管理及落實決定。

企業管治常規守則第A.4.1段規定，非執行董事應獲委任指定任期，並可重選連任。

本公司之獨立非執行董事並無獲委任指定任期，但須根據本公司之公司組織章程細則於本公司之股東週年大會上至少每三年輪值退任一次。董事會相信該項常規將於董事會水平提供穩定性，並同時透過經由股東批准之輪值、退任及重選必要程序以確保獨立性。

董事會委員會

提名董事

本公司並無提名委員會。反之，董事會負責涉及委任董事（以填補臨時空缺或新增現任董事）之所有事項。

於財政年度內，董事會並無舉行會議以考慮委任新增成員進入董事會之需要。董事會會議之個別人士出席率已於上文載列。經評估及考慮本公司於策略方向及其他高層次事項之需要後，董事會認為在所有董事持續全力支持下，董事會可繼續妥善履行其責任及故此並無建議委任任何新增董事。因此，並無討論提名或推薦候選人之事宜。

Corporate Governance Report

企業管治報告

Remuneration of Directors

The Remuneration Committee of the Company is responsible for formulating and making recommendation to the Board on the Group's policy and structure of the Directors' and the senior management's remuneration.

Throughout the year ended 31st March, 2006, the Remuneration Committee comprised Mr. Pan Su Tong (Chairman of the Remuneration Committee), Mr. Lai Chi Kin, Lawrence and Dr. Ng Lai Man, Carmen.

During the financial year, the Remuneration Committee has not held any meeting as there had been no major appointments to the Company.

Remuneration of Auditors

During the financial year, fees paid/payable to Deloitte Touche Tohmatsu, the auditors of the Company were HK\$2.1 million for audit service.

Audit Committee

The Audit Committee of the Company comprises the three Independent Non-Executive Directors, namely Mr. Lai Chi Kin, Lawrence (Chairman of the Audit Committee), Dr. Ng Lai Man, Carmen and Dr. Cheng Kwan Wai, Sunny.

The terms of reference of the Audit Committee are in line with the CG Code. The functions of the Audit Committee include:

1. to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
2. to review of financial information of the Company; and
3. to oversee the Company's financial reporting system and internal control procedures.

董事之薪酬

本公司之薪酬委員會就本集團之董事及高級管理人員酬金政策及架構負責制訂及向董事會作出推薦建議。

於截至二零零六年三月三十一日止整個年度，薪酬委員會由潘蘇通先生（薪酬委員會主席）、黎志堅先生及吳麗文博士組成。

於財政年度內，由於本公司並無任何重要委任，因此薪酬委員會並無舉行任何會議。

核數師之酬金

於財政年度內，就審核服務已付／應付本公司核數師德勤•關黃陳方會計師行之費用為2,100,000港元。

審核委員會

本公司之審核委員會由三名獨立非執行董事分別為黎志堅先生（審核委員會主席）、吳麗文博士及鄭君威博士組成。

審核委員會之職權範圍符合企業管治常規守則。審核委員會之職能包括：

1. 就聘任、續聘及撤換外聘核數師向董事會作出推薦建議，及批准外聘核數師之酬金及聘用條款，以及有關該核數師之辭任或罷免之任何事宜；
2. 審閱本公司之財政資料；及
3. 監督本公司之財務報告制度及內部監控程序。

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During the financial year, the Audit Committee held three meetings at which the financial results and reports, financial reporting and compliance procedures, internal control matters and the re-appointment of the auditors were reviewed and discussed. The Chief Financial Officer of the Company was present at each of such meetings to report and explain to and answer questions from the Audit Committee regarding the financial reporting procedures and results of and internal control safeguards implemented by the Company.

於財政年度內，審核委員會已舉行三次會議，會上已審閱及討論財務業績及報告、財務報告及遵例程序、內部監控事項及續聘核數師事宜。本公司之財務總監於該等會議每次均有出席，就財務報告程序及本公司業績及本公司落實之內部監控保護措施向審核委員會解釋及回答提問。

Details of individual attendance of each Audit Committee Member are as follows:

每名審核委員會成員之個別出席情況如下：

Committee Members

委員會成員

Date of Audit Committee Meetings

審核委員會會議日期

	20th July, 2005 二零零五年 七月二十日	11th May, 2005 二零零五年 五月十一日	29th November, 2005 二零零五年 十一月二十九日
Lai Chi Kin, Lawrence 黎志堅	✓✓	✓✓	✓✓
Ng Lai Man, Carmen 吳麗文	✓	✓	✓
Cheng Kwan Wai, Sunny 鄭君威	✓	✓	✓

Remarks:

- ✓ = attended the meeting
✓✓ = attended and chaired the meeting

附註：

- ✓ = 出席會議
✓✓ = 出席及主持會議