

# Corporate Governance Report

## Compliance with the Code on Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance in the conduct of its business. The Company has observed the principles and complied with all code provisions and, to the extent possible having regard to circumstances pertaining to the Company, the recommended best practices of the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) throughout the year ended 31 March 2006.

## Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code of conduct regarding Directors’ securities transactions. The Company has made specific enquiry of all Directors and received confirmation from all Directors that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2006.

## Board of Directors

The Board of Directors of the Company (“the Board”) is responsible for determining the overall strategies and policies and approving the business plan of the Group, and ensuring the Group’s business operations are properly planned, authorized, undertaken and monitored. The implementation of strategies and policies and day-to-day operations of the Group’s business are delegated to the management led by the Managing Director. All policy matters of the Group, material transactions or transactions where there is conflict of interests are reserved for the Board’s decision. The principal functions of the Board are:

- to determine the overall objectives, strategies, policies and business plan of the Group;
- to monitor and control operating and financial performance;
- to approve major funding, investment and divestment proposals;
- to oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- to approve the nominations of directors and appointment of key personnel; and
- to assume responsibility for corporate governance.

**Board Composition:** The Board as now constituted comprises 5 Executive Directors, 3 Non-Executive Directors and 5 Independent Non-Executive Directors. The names and biographical details of the Directors, and the relationship (if any) among them, are set out on pages 3 to 4 of the Annual Report.

In accordance with rule 3.13 of the Listing Rules, each of the Independent Non-Executive Directors had confirmed his independence with the Stock Exchange and has provided an annual confirmation of his independence to the Company. The Company considers that all the existing Independent Non-Executive Directors are independent.

**Board Meetings:** Regular meetings are scheduled in advance to facilitate the maximum attendance. 4 Board meetings were held during the year ended 31 March 2006 and the attendance of each Director is set out in the section “Attendance to Meetings” of this report.

## Chairman and Chief Executive Officer

Mr. Cheng Wai Chee, Christopher is the Non-Executive Chairman of the Board. Mr. Chow Wai Wai, John, Managing Director, is the Chief Executive Officer of the Group. Their roles are segregated.

The Chairman of the Board is responsible for :

- providing leadership for the Board;
- ensuring that the Board functions effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely and constructive manner;
- ensuring the provision of adequate information, which must be complete and reliable, to Directors in a timely manner;
- ensuring that good corporate governance practices and procedures are established;
- facilitating the effective contribution of Non-executive Directors and ensure constructive relations between Executive and Non-executive Directors; and
- ensuring effective communication with shareholders.

The Chief Executive Officer is responsible, under delegated authority from the Board, for the day-to-day management and running of the Group’s business and implementation of the strategies and policies set by the Board.

## Non-Executive Directors

All Non-Executive Directors, including Independent Non-Executive Directors, are appointed for an initial term expiring at the first annual general meeting of the Company after their respective appointment. In accordance with the Articles of Association of the Company, they shall then be eligible for re-election, and thereafter are subject to retirement by rotation at least once in every three years.

## Remuneration of Directors

Details of the remuneration of Directors are set out in note 7(a) to the audited financial statements for the year ended 31 March 2006.

**Principles of Remuneration Policy:** The major principles of the Group's remuneration policy are:

- no individual is involved in determining his own remuneration;
- remuneration should align with those offered for comparable position by comparable companies of similar size and business scope in the market; and
- remuneration should reflect work complexity, time commitment, responsibility and performance (both financial and qualitative) with a view to attracting, motivating and retaining high performing individuals.

**Directors' Fees:** The Directors' Fees of both Executive and Non-Executive Directors are recommended by the management, reviewed by the Remuneration Committee and approved by the Board on an annual basis.

**Remuneration of Executive Directors:** The structure of the remuneration of the Executive Directors is made up of base salary, performance incentive in the form of cash bonus, and retirement benefits. The specific remuneration packages and performance incentives of the Executive Directors are determined annually by the Remuneration Committee taking into consideration the competitive market position, market practice, responsibilities and individual performance of the Executive Directors, corporate goals and financial results of the Group.

**Remuneration of Board Committees:** The remuneration of the Non-Executive Directors serving on Board committees are recommended by the management and reviewed by the Remuneration Committee for approval by the Board on an annual basis. In accordance with the Articles of Association of the Company, consent of the Company in general meeting will be sought on any change to such remuneration.

**Remuneration Committee:** Pursuant to the CG Code, the Board established a Remuneration Committee with written terms of reference on 1 April 2005. The present Remuneration Committee comprises 2 Independent Non-Executive Directors, namely Mr. Haider Hatam Tyebjee Barma and Mr. Christopher Patrick Langley, and the Managing Director, Mr. Chow Wai Wai, John. Mr. Barma is the Chairman of the Remuneration Committee.

The principal duties and functions of the Remuneration Committee are:

- to make recommendations to the Board regarding the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- to determine the specific remuneration packages of all Executive Directors and senior management;
- to make recommendations to the Board of the remuneration of Non-Executive Directors; and
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The terms of references of the Remuneration Committee are posted on the website of the Company.

During the year, the Remuneration Committee held 3 meetings and:

- made recommendations to the Board regarding the Company's policy and structure for, the methodology for the determination of, and the frequency of review of all remuneration of Directors;
- reviewed and endorsed the management's proposal of the remuneration of Non-Executive Directors;
- approved the specific remuneration packages of all Executive Directors for the year ended 31 March 2006, the provision of their retirement benefits, and their annual base pay for the year ending 31 March 2007; and
- reviewed the remuneration policy for the Group's general staff and made recommendations to the management,

it being noted that the Group's senior management comprised the Executive Directors.

The attendance of each member of the Remuneration Committee to its meetings is set out in the section "Attendance to Meetings" of this report.

# Corporate Governance Report *(continued)*

## Nomination of Directors

The Board reviews its structure, size and composition from time to time to ensure that it has the balance of skills and experience and independent element appropriate for the requirement of the Group's business. All Directors newly appointed by the Board are appointed for an initial term expiring at the first annual general meeting of the Company after their respective appointment. In accordance with the Articles of Association of the Company, they shall then be eligible for re-election, and thereafter are subject to retirement by rotation at least once in every three years.

Mr. Haider Hatam Tyebjee Barma was nominated and appointed as an Independent Non-Executive Director by the Board during the year.

## Accountability and Audit

**Financial Reporting:** The Directors acknowledge their responsibilities for the preparation of financial statements which give a true and fair view, and to ensure that appropriate accounting policies are selected and applied consistently. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The external auditors of the Company have included a statement of their reporting responsibilities on the financial statements of the Group in the Report of the Auditors on page 20 of the Annual Report.

**Audit Committee:** The Company established an Audit Committee with written terms of reference on 18 December 1998. The present Audit Committee comprises 2 Independent Non-executive Directors, namely Mr. Christopher Patrick Langley and Mr. Ho Fook Hong, Ferdinand and 1 Non-executive Director, Mr. Cheng Wai Chee, Christopher. Mr. Langley is the Chairman of the Audit Committee.

The principal duties and functions of the Audit Committee are:

- to review the Group's financial statements;
- to review the effectiveness of both the external and internal audits and of internal controls and risk evaluation;
- to consider the appointment and remuneration of the external auditors; and
- to consider external and internal audit plans and findings.

The terms of reference of the Audit Committee are posted on the website of the Company.

During the year, the Audit Committee held 4 meetings:

- to review the interim and annual financial statements and the accounting policies and practices adopted by the Group with management and the external auditors;

- to consider the independence and remuneration of the external auditors;
- to discuss the external auditors' audit plan and findings;
- to review the system of internal controls of the Group; and
- to discuss the internal auditor's audit plan and findings.

The attendance of each member of the Audit Committee to its meetings is set out in the section "Attendance to Meetings" of this report.

## Auditors' Remuneration

Remuneration in respect of audit and non-audit services provided during the year by the Company's external auditors, PricewaterhouseCoopers, is analysed as follows:

Services rendered	Remuneration
	HK\$'000
Audit services	750
Non-audit services	287

## Corporate Communication

The Company maintains various communication channels with its shareholders and investors through the publication of notices and announcements in newspapers, dispatch of circulars, annual reports and interim reports to shareholders, and publication of all the above on the Stock Exchange's website at [www.hkex.com.hk](http://www.hkex.com.hk).

The Company's website at [www.winsorprop.com](http://www.winsorprop.com) also provides access to shareholders and investors of the Company's corporate, financial and other information updated from time to time.

## Voting by Poll

Separate resolutions are proposed at a general meeting on each substantially separate issue. Details of the procedures for voting by poll and the rights of shareholders to demand a poll are included in the circular to shareholders dispatched together with the notice of the general meeting.

## Attendance to Meetings

The attendance of individual Directors at Board and Committee meetings during the year ended 31 March 2006 is set out below:

Name of Director	Board Meetings	Remuneration Committee Meetings	Audit Committee Meetings
<b>Executive Directors:</b>			
Mr. Chow Wai Wai, John ( <i>Managing Director</i> )	4/4	3/3	NA
Mr. Lam Woon Bun	4/4	NA	NA
Mrs. Chen Chou Mei Mei, Vivien	4/4	NA	NA
Mr. Chung Hon Sing, John	3/4	NA	NA
Mr. Chow Wei Lin	3/4	NA	NA
<b>Non-Executive Directors:</b>			
Mr. Cheng Wai Chee, Christopher ( <i>Chairman of the Board</i> )	4/4	NA	3/4
Mr. Cheng Wai Sun, Edward	3/4	NA	NA
Mr. Tang Ming Chien, Manning	3/4	NA	NA
<b>Independent Non-Executive Directors:</b>			
Lord Sandberg	1/4	NA	NA
Mr. Christopher Patrick Langley	4/4	3/3	4/4
Mr. Ho Fook Hong, Ferdinand	4/4	NA	4/4
Dr. Lo Ka Shui	3/4	NA	NA
Mr. Haider Hatam Tyebjee Barma	4/4	3/3	NA