



# Corporate Governance Report

The Company is committed to maintaining and improving the quality of corporate governance so to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholder value.

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("the Code") contained in appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") with certain exceptions that are discussed later in this report.

## BOARD OF DIRECTORS

The Board of Directors of the Company currently consists of seven members: four executive directors, namely, Mr Vong Tat Jeong, David (Director and Chief Executive Officer), Mr Wong Chi Man, Mr Wong See Sum J.P. and Mr Xu Siping; and three independent non-executive directors, namely, Dr Lam Lee G., Ms Wong Man Ngar, Edna and Mr Fung Ka Keung, David, who has the professional and accounting qualifications required by the Listing Rules.

The function of the Board is to formulate corporate strategy and business development. The Board has met regularly during the year to approve acquisition and disposal, connected transactions, placing of shares and monitoring the financial performance of the Group in pursuit of its strategic goals. The chairmanship of the Board of the Company is elected at each Board meeting. Control and day to day operation of the Company is delegated to the Chief Executive Officer and the management of the Company.

There is no relationship among members of the Board in respect of financial, business, family or other material/relevant relationship.

The Company has received from each of its independent non-executive director an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules and the Company considers the independence non-executive directors to be independent.

According to the code provisions, the non-executive directors should be appointed for a specific term, subject to re-election. All directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles, and the terms of their appointment will be reviewed when they are due for re-election. As such, the Board considers that sufficient measures are in place to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.

Attendance of individual directors during the year:

**Composition of the Board prior to 30 August 2005** **Meetings Attended/Held**

*Executive Directors:*

Ms Ng Suk Bing Mclanly (resigned on 30/8/05)	3/4
Mr Wong Chi Man	4/4
Mr Wong Chi Wing Tenny (resigned on 30/8/05)	3/4
Ms Wong Lan Fun Roberta (resigned on 30/8/05)	3/4
Mr Wong See Sum J.P.	0/4

*Non-executive Director:*

Mr Tam Fook Yee (resigned on 30/8/05)	1/4
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*Independent Non-executive Directors:*

Mr Chan Kam Fai Robert (resigned on 30/8/05)	1/4
Mr Lee Man Youn, Montareal (resigned on 30/8/05)	1/4
Mr Cheung Man Yau Timothy (resigned on 30/8/05)	1/4

**Composition of the Board from 30 August 2005 onwards** **Meetings Attended/Held**

*Executive Directors:*

Mr Vong Tat Ieong David	6/6
Mr Wong Chi Man	6/6
Mr Wong See Sum J.P.	2/6
Mr Xu Siping	2/6

*Independent Non-executive Directors:*

Mr Chan Chiu Fan (resigned on 31/12/2005)	2/6
Mr Fung Ka Keung David	4/6
Dr Lam Lee G.	3/6
Ms Wong Man Ngar Edna (appointed on 1/1/2006)	1/6

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct in respect of securities transactions of the directors (the "Model Code"). Having made specific enquiry of all directors, the Company has confirmed that all directors have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the year.



## BOARD COMMITTEES

The Board has established three board committees to strengthen its functions and corporate governance practices, namely, Audit Committee, Remuneration Committee and Executive Committee. The Audit Committee and the Remuneration Committee perform their specific roles in accordance with their respective written terms of reference. The Executive Committee assists the Group in corporate strategy, business development and operations.

### Audit Committee

The Company's Audit Committee is composed of three independent non-executive directors, currently, Mr Fung Ka Keung, David, Dr Lam Lee G. (Chairman of the Audit Committee) and Ms Wong Man Ngar, Edna. The Audit Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules.

The Audit Committee is responsible for considering all relationships between the Company and the auditing firm (including the provision of non-audit services), monitoring the integrity of the Company's financial statements, any issues arising from the audit and any other auditors may wish to raise and review of the Company's internal control and risk management.

Summary of work done in the year: Reviewed the financial statements for the year ended 30 April 2005 and for the six months ended 31 October 2005, considered and approved the audit work of the auditors, and reviewed the business and financial performance of the Company and the internal control system and risk management.

The Group's results for the year ended 30 April 2006 have been reviewed by the Company's Audit Committee.

The Audit Committee held two meetings during the year with an attendance rate of 100%.

### Remuneration Committee

The Company's Remuneration Committee is composed of two independent non-executive directors, Dr LAM Lee G. (chairman of the Remuneration Committee) and Mr Fung Ka Keung, David, and one executive director, Mr Vong Tat Ieong, David. The Remuneration Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules.

The Remuneration Committee is responsible of developing remuneration policies and in overseeing remuneration packages of the directors whether the emoluments offered are appropriate to the duties and performance of the respective individuals concerned. It is the Company's policy to offer remuneration packages which are competitive and sufficient to retain such individuals and no director is involved in decision of his own remuneration.

Summary of work done during the year: Reviewed and approved the remuneration of directors according to their respective responsibilities, expertise and performance.

The Remuneration Committee held one meeting during the year with an attendance rate of 100%.

## AUDITORS' REMUNERATION

The Group was charged HK\$550,000 for auditing services and HK\$30,000 for tax compliance services by the auditors of the Group in respect of the year ended 30 April 2006.

## INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to the management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management functions within an established framework.

## DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of accounts 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 accounts for the year ended 30 April 2006, the directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts 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 Company.