

CORPORATE GOVERNANCE REPORT • 企業管治報告

The Company has adopted the Code of Corporate Governance (the “Code”) promulgated by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as guidelines to reinforce our corporate governance principles with effect from 2006 financial year. This report describes how the Company has applied the principles.

The Company has complied throughout the year with the Code provisions except that, with respect to the Code provision A.2.1, the roles of chairman and chief executive officer (“CEO”) were performed by the same individual. Considered reasons are provided in the section of Chairman and Chief Executive Officer.

BOARD OF DIRECTORS

The overall management of the Company’s business is vested in the board of directors (the “Board”). The Board has delegated the day-to-day management of the Company’s business to the executive management team, and focus its attention on matters affecting the Company’s overall strategic policies, finances and shareholders. At 31st August, 2006, the Board comprised ten members, consisting of five executive directors, two non-executive directors and three independent non-executive directors. The profile of all directors, including chairman, executive directors, non-executive directors and independent non-executive directors are set out on pages 22 to 26. The relationship (including financial, business, family or other material or relevant relationships, if any) among members of the Board are also disclosed.

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), and considers all of the independent non-executive directors to be independent.

Five Board meetings were held during the financial year. Directors actively participate in each meeting in person, via telephone or video-conferencing. Directors give and receive reports on the activities of the operating divisions and present papers supporting decisions which require the Board approval. The Board consents are given by-vote at the Board meetings.

The dates of the 2006 regular Board meetings were determined in 2005 and any amendments to this schedule were notified to all directors at least 14 days before the meeting. Suitable arrangements are in place to allow directors to include items in the agenda for regular Board meetings.

本公司已採納香港聯合交易所有限公司(「聯交所」)頒佈的《企業管治常規守則》(「企業管治守則」)作為強化自二零零六財政年度生效的本公司企業管治原則之方針。本報告說明本公司如何應用該等原則。

本公司全年均有遵守企業管治守則的所有守則條文，惟有關企業管治守則條文A.2.1的規定除外，即主席與行政總裁的角色由一人同時兼任。經深思熟慮的理由列於「主席與行政總裁」章節內。

董事會

公司整體業務由董事會負責管理。董事會將公司日常事務的管理授權公司的行政管理層處理，而董事會本身則專注處理可影響公司整體策略方針、財務及股東的事項。於二零零六年八月三十一日，董事會由十名成員組成，包括五名執行董事、兩名非執行董事及三名獨立非執行董事。所有董事的個人簡介，包括主席、執行董事、非執行董事及獨立非執行董事，均載列於第22至26頁。董事會成員之間的關係(包括財務、業務、家屬或其他重大或相關的關係(如有))亦已作出披露。

公司已獲得每名獨立非執行董事按聯交所證券上市規則(「上市規則」)每年書面聲明以確認其相對於公司的獨立性，並認為所有獨立非執行董事均獨立於公司。

本年度董事會進行了五次會議。各董事親身出席、透過電話或視像會議積極參與每次會議。董事在會上發表及省覽各營運部門的業務報告及提呈須經董事會批准的決策文件。董事在董事會會議上以投票表決方式取得共識。

本公司在二零零五年內已定下二零零六年董事會定期會議的舉行日期，所有日期改動均在最少十四天前通知各董事。公司備有適當安排，讓董事提出商討事項以納入董事會定期會議議程內。

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If a director has a conflict of interest in a transaction or proposal to be considered by the Board and which the Board has determined to be material, the individual director declares his interest and is required to abstain from voting. The matter is considered at a Board meeting attended by independent non-executive directors who have no material interest in the transaction.

若有董事在董事會將予考慮的交易或建議中存有董事會認為重大利益衝突時，涉及的個別董事須申報利益，並須放棄投票。有關事項須經董事會會議考慮，而該會議須有於交易中不存在重大利益的獨立非執行董事出席。

Details of the attendance of directors at these Board meetings and at two other Board committees (the Audit Committee and the Remuneration Committee) are set out in the following table :

董事於董事會會議及另外兩個董事委員會(審核委員會及薪酬委員會)的出席詳情列載於下表：

Name of director 董事姓名		Meetings Attended/Meetings Held 出席次數/會議次數		
		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會
<i>Executive directors</i> 執行董事				
Mr. Ha Chung Fong	夏松芳先生	5/5		
Mr. Lau Hong Yon	柳康遠先生	5/5		2/2*
Mr. Ha Kam On, Victor	夏錦安先生	5/5		
Dr. Yen Gordon	嚴震銘博士	5/5		
Mr. Wai Yick Man (appointed on 20th March, 2006)	衛億民先生 (於二零零六年三月二十日被委任)	2/2		
<i>Non-executive directors</i> 非執行董事				
Mrs. Fung Yeh Yi Hao, Yvette	馮葉儀皓女士	5/5		2/2
Mr. Ha Hon Kuen	夏漢權先生	5/5		
<i>Independent non-executive directors</i> 獨立非執行董事				
Mr. Ng Kwok Tung	伍國棟先生	5/5	4/4	2/2
Mr. Wong Kwong Chi	王幹芝先生	5/5	4/4	2/2
Mr. Chow Wing Kin, Anthony, SBS, JP	周永健先生， 銀紫荊星章，太平紳士	5/5	4/4	2/2

* Mr. Wai Yick Man replaced Mr. Lau Hong Yon as member with effect from 19th May 2006

* 衛億民先生替代柳康遠先生出任為成員，於二零零六年五月十九日生效

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All directors have access to the services of the company secretary who regularly updates the Board on governance and regulatory matters. Any director, wishing to do so in the furtherance of his or her duties, may take independent professional advice (through the Chairman) at the Company's expense. The availability of professional advice extends to the Audit Committee and the Remuneration Committee.

Minutes of Board meetings are taken by the company secretary and, together with any supporting documents, are available to all directors. Draft and final versions of the minutes are sent to all directors for their comment and record respectively.

BOARD COMMITTEES

The Board has established two committees, the Audit Committee and the Remuneration Committee, which adhere to the principles, procedures and arrangements set out above. Their terms of reference were approved by the Board. The respective Committee secretary takes full minutes of the meetings of these committees and the work of these committees is reported to the Board regularly.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the Code provision A.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. Mr. Ha Chung Fong is presently the Chairman and Managing Director of the Company. Having considered the current business operation and nature of the Company, the Board is of the view that Mr. Ha acting as both the roles of chairman and CEO is in the best interest of the Company. The Board will review this situation periodically.

NON-EXECUTIVE DIRECTORS

All the existing non-executive directors, including independent non-executive directors, were previously appointed with specific terms, and the terms were extended for one year up to 31st August, 2007. They are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company (the "Articles").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the Company confirms that all directors have complied with the required standards set out in the Model Code throughout the year ended 31st August, 2006.

所有董事均可運用公司秘書所提供的服務，公司秘書會定期向董事會提供管治及規管事宜的最新資料。任何董事可就履行職責而（透過主席）尋求獨立專業意見，費用由本公司支付。審核委員會及薪酬委員會亦可尋求專業意見。

董事會會議記錄由公司秘書負責撰寫，會議記錄連同任何有關的文件均可提供予所有董事。初稿供所有董事審閱，而最後定稿供其作記錄之用。

董事委員會

董事會已成立兩個委員會，為審核委員會及薪酬委員會。兩個委員會的運作遵循上述各項原則、程序及安排。其職權範圍書已經董事會批核。委員會相關秘書負責為這兩個委員會撰寫完整的會議記錄，而委員會則定期向董事會作出工作匯報。

主席與行政總裁

按企業管治守則條文A.2.1的規定，主席與行政總裁的角色應有區分，不應由一人同時兼任。主席與行政總裁之間之職責分工應清楚界定並以書面列載。夏松芳先生現為本公司之主席兼董事總經理。經考慮本公司之現有業務運作及特性，董事會認為夏先生同時擔任主席及行政總裁之角色乃最符合本公司利益。董事會將定期檢討此情況。

非執行董事

所有現任非執行董事，包括獨立非執行董事，均在以前以特定年期被委任，並已續約一年至二零零七年八月三十一日止。彼等均需根據本公司章程細則（「公司章程」）在本公司股東週年大會上輪席告退及膺選連任。

董事進行證券交易

本公司已採納上市公司董事進行證券交易的標準守則（「標準守則」）為其有關董事進行證券交易之守則。經向本公司所有董事作出查詢後，本公司認為所有董事於截至二零零六年八月三十一日止年度內均已遵守標準守則所要求的標準。

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REMUNERATION OF DIRECTORS

The Company has established a Remuneration Committee for the purposes of making recommendations to the Board on the Company's remuneration policy and structure for directors and senior management. The terms of reference of the Remuneration Committee have been reviewed by the Board with reference to the Code and are posted on the Company's website.

The Remuneration Committee presently comprises five directors, including the three independent non-executive directors, Mrs. Fung Yeh Yi Hao, Yvette (non-executive director) and Mr. Wai Yick Man (executive director). The Committee is chaired by Mr. Wong Kwong Chi.

The Remuneration Committee held two meetings during the year and all the Committee members have attended the meetings. The work of the Remuneration Committee during the year included the following matters:

- provide recommendations to the Board on the policy and structure for all kind of remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing on such remuneration;
- determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee has considered factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- review and approve performance-based remuneration scheme by reference to corporate goals and objectives resolved by the Board from time to time; and
- ensure that no director or any of his associates is involved in deciding his own remuneration.

董事之薪酬

本公司已成立薪酬委員會，藉以向董事會就董事及高級管理人員的薪酬政策及架構提供建議。薪酬委員會的職權範圍書已由董事會參照企業管治守則作出檢閱及已刊載於本公司之網頁內。

薪酬委員會現由五位董事組成，包括三位獨立非執行董事、馮葉儀皓女士(非執行董事)及衛億民先生(執行董事)。王幹芝先生為該委員會主席。

薪酬委員會於本年度內舉行了兩次會議，所有委員會成員均有出席會議。薪酬委員會於本年度內的工作包括如下事項：

- 就董事及高級管理人員的全體薪酬政策及架構，以及就設立正規而具透明度的程序而制訂此等薪酬政策，向董事會提出建議；
- 釐訂全體執行董事及高級管理人員的特定薪酬待遇，包括非金錢利益、退休金權利及賠償金額(包括喪失或終止職務或委任的賠償)，並就非執行董事的薪酬向董事會提出建議。薪酬委員會已考慮包括同類公司所支付的薪酬、董事須付出的時間及職責、集團內其他職位的僱用條件及按合理表現釐訂的薪酬等因素；
- 透過參照董事會不時通過的公司目標及目的，檢討及批准按表現而釐定的薪酬方案；及
- 確保任何董事或其任何聯繫人不可參與決定其薪酬。

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NOMINATION OF DIRECTORS

According to the Articles, the Board shall have power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. A director appointed by the Board is subject to re-election by shareholders at the next following general meeting of the Company. The nomination should be taken into consideration of the nominee's skills and experience appropriate for the requirements of the Company's business. During the year, the Board has a meeting with full attendance to appoint Mr. Wai Yick Man as an executive director.

AUDITORS' REMUNERATION

For the year ended 31st August, 2006, the fees charged by the Company's auditors in respect of audit and non-audit services amounted to approximately HK\$3,827,000 and HK\$1,647,000 respectively.

AUDIT COMMITTEE

The Company has established an Audit Committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls. The terms of reference of the Audit Committee have been reviewed by the Board with reference to the Code and are posted on the Company's website.

The Audit Committee presently comprises the three independent non-executive directors of the Company and is chaired by Mr. Ng Kwok Tung.

The Audit Committee held four meetings during the year and all the Committee members have attended the meetings. The work of the Audit Committee during the year included of the following matters:

- provide recommendation to the Board on the reappointment of the external auditors, and to approve the audit fee and terms of engagement of the external auditors;
- review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, and discuss with the external auditors before the audit commences, the nature and scope of the audit and reporting obligations;

董事之提名

根據公司章程，董事會有權不時及隨時委任任何人士成為董事，以填補董事會空缺或增加董事。被委任的董事將於本公司隨後之股東大會上被股東膺選重任。董事的提名需考慮被提名人的能力及經驗是否合乎公司業務的要求。於本年度內，董事會在一個有全體董事出席的會議上委任衛億民先生為執行董事。

核數師酬金

於截至二零零六年八月三十一日止年度內，本公司核數師就提供審核及非審核服務所得的酬金分別約為3,827,000港元及1,647,000港元。

審核委員會

本公司已成立審核委員會，藉以檢討及監察本公司之財務申報程序及內部監控制度。審核委員會的職權範圍書已由董事會參照企業管治守則作出檢閱及已刊載於本公司之網頁內。

審核委員會現由三位獨立非執行董事組成，而伍國棟先生為主席。

審核委員會於本年度內舉行了四次會議，所有委員會成員均有出席會議。審核委員會於本年度內的工作包括如下事項：

- 就外聘核數師的重新委任向董事會提供建議，及核准外聘核數師酬金及聘用條款；
- 按適用的標準檢討及監察外聘核數師的獨立性及客觀性，以及核數程序的有效性；並與外聘核數師在審核工作開始前預先討論審核工作的性質和範圍及有關申報責任；

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- monitor integrity of financial statements, interim report and annual report, and to review significant financial reporting judgments contained in them;
- review financial controls, internal controls and risk management systems;
- discuss with the management the system of internal controls and ensure that the management has discharged its duty to have an effective internal control system;
- ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;
- review financial and accounting policies and practices; and
- review the external auditors' management letter, any material queries raised by the auditors to management in respect of the accounting records, financial accounts or systems of control and management's response.
- 監察財務報表、中期報告及年度報告的完整性，並檢閱其所載有關財務申報的重大判斷；
- 檢閱財務監控、內部監控及風險管理制度；
- 與管理層討論內部監控系統，並確保管理層已履行職責建立有效的內部監控系統；
- 確保內部和外聘核數師的工作得到協調；及確保內部審核功能在公司內部有足夠資源運作，並且有適當的地位；以及檢討及監察內部審核功能的有效性；
- 檢閱財務及會計政策及實務；及
- 檢閱外聘核數師致管理層的審核情況說明函件、外聘核數師就會計記錄、財務賬目或監控系統向管理層提出的任何重大疑問及管理層的回應。

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR ACCOUNTS

The directors acknowledge the responsibilities for preparing the accounts of the Company and the external auditors' statement about their reporting responsibilities is set out on pages 38 and 39.

INTERNAL CONTROL

The Board has kept the Company's system of internal controls under review to ensure its effectiveness and convened meetings regularly to discuss financial, operational and risk management control.

董事及核數師對賬目的責任

董事知悉其有編製賬目的責任，而外聘核數師發表有關其申報責任的聲明載列於第38及39頁。

內部監控

董事會已持續檢討本公司之內部監控制度以確保其有效性。董事會會定期召開會議，討論財務、營運及風險管理控制事宜。