



Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance and endeavours in following the code provisions (the "Code Provisions") of the "Code on Corporate Governance Practices" (the "Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Board has set up the Remuneration Committee and has adopted a new set of terms of reference of the Audit Committee which were prepared in accordance with the Code Provisions. The Board has also set up an internal audit team to monitor the effectiveness of the internal control of the Group. Throughout the year, the Company has complied with the Code Provisions, save for the deviation from code provision A.2.1 of the Code.

According to code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Up to the date of this annual report, the Board has not appointed any individual to the post of chief executive officer. The responsibilities of the chief executive officer have been performed collectively by all the executive directors, including the chairman, of the Company. The Board considers that this arrangement is proper and beneficial to the Group as the stability and efficiency of the Company's operations, as well as the continuity of the Company's policies and strategies, can be maintained. Going forward, the Board will periodically review the effectiveness of this arrangement and considers appointing an individual as the chief executive officer when it thinks appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct ("Code of Conduct") regarding securities transactions by directors and senior management of the Group on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules ("Model Code"). Having made specific enquiry of all directors and senior management of the Group, all directors and senior management of the Group have complied with the required standard set out in the Model Code and the Code of Conduct throughout the year ended 31 March 2007.

企業管治常規

董事會承諾維持高水準的企業管治，並致力遵循香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄14「企業管治常規守則」（「守則」）所載之守則條文（「守則條文」）。

董事會已成立薪酬委員會，並已為審核委員會採納一套新職權範圍，該等職權範圍乃按守則條文編製。董事會亦已成立內部審計組，以監察本集團內部控制之成效。年內，本公司一直遵守守則條文，惟偏離守則之守則條文第A.2.1條除外。

根據守則之守則條文第A.2.1條，主席及行政總裁之職務應予分開，並不應由同一人士履行。截至本年報日期，董事會並無委任任何人士出任行政總裁。行政總裁之職責現由本公司全體執行董事（包括主席）共同履行。董事會認為，此項安排可維持本公司業務的穩定性和效率，以及維持本公司政策和策略之持續性，故對本集團而言乃屬合適及有利。未來，董事會將定期審閱此項安排之成效，並於其認為合適時考慮委任行政總裁。

證券交易標準守則

本公司已就本集團董事及高級管理層進行證券交易採納一套行為守則（「行為守則」），其條款不遜於上市規則附錄10所載的（「標準守則」）規定。經向本集團全體董事及高級管理層作出特定查詢後，於截至二零零七年三月三十一日止年度，本集團全體董事及高級管理層已遵守標準守則及行為守則所規定之標準。



BOARD OF DIRECTORS

At the date of this annual report, the Board is composed of four executive Directors comprising Mr. Yeung Chi Hung, Johnny as the chairman, Mr. Yuen Yee Sai, Simon and Mr. Chow Man Yan, Michael as the joint deputy chairmen, and Mr. Yuen Chi King, Wyman; and three independent non-executive Directors comprising Dr. Chang Chu Cheng, Mr. Che Wai Hang, Allen and Mr. Lee Yiu Pun. Mr. Yuen Chi King, Wyman is the son of Mr. Yuen Yee Sai, Simon. Each of the independent non-executive Directors is appointed for a specific term of one year.

The Board is responsible for the formulation of corporate strategies, the setting of appropriate strategic policies and internal control, and the oversight of the operation and financial performance of the Group. Each year, regular matters reserved for the Board include overall strategies of the Group, annual budgets, financial statements, dividend policy and other major corporate activities. For such purposes, the Board held five meetings during the year, with an average attendance rate of 97%.

The management of the Group, as delegated by the Board, are responsible for execution of business strategies adopted, implementation of adequate systems of internal controls and risk management procedures, and oversight of the day-to-day management of the Group's business.

董事會

於本年報日期，董事會由四名執行董事（分別為主席楊志雄先生；兩名聯席副主席，源而細先生及周文仁先生；以及源子敬先生）及三名獨立非執行董事（分別為張樹成博士、車偉恒先生及李耀斌先生）組成。源子敬先生乃源而細先生之兒子。各獨立非執行董事均按一年特定年期獲委任。

董事會負責制訂企業策略、訂立合適策略性政策及內部監控，以及監察本集團之營運及財務表現。董事會每年需處理之固定事宜包括本集團之整體策略、年度預算、財務報表、股息策略及其他主要企業活動。董事會於年內就上述目的舉行五次會議，平均出席率為97%。

本集團管理層受董事會指派，負責執行獲採納之業務策略、實施適當的內部監控系統及風險管理程序、以及監察本集團業務之日常管理。

BOARD AND COMMITTEE ATTENDANCE

The Board held five meetings during the year and the average attendance rate was around 97%. Details of the attendance of each of the Directors at board meetings and committee meetings held for the year ended 31 March 2007 are set out in the table below:

| Directors 董事 | | No. of meetings attended/held 出席／舉行會議次數 | | |
|--|------------------|--|-----------------------------|------------------------------------|
| | | Board 董事會 | Audit Committee 審核委員會 | Remuneration Committee 薪酬委員會 |
| Executive Directors 執行董事 | | | | |
| Yeung Chi Hung, Johnny | 楊志雄 | 5/5 | — | — |
| Yuen Yee Sai, Simon | 源而細 | 5/5 | — | — |
| Chow Man Yan, Michael | 周文仁 | 5/5 | — | — |
| Ng Kwong Hing ¹ | 吳廣興 ¹ | 5/5 | — | 1/1 |
| Yuen Chi King, Wyman ² | 源子敬 ² | 3/3 | — | — |
| Independent Non-Executive Directors 獨立非執行董事 | | | | |
| Chang Chu Cheng | 張樹成 | 4/5 | 3/3 | 0/1 |
| Che Wai Hang, Allen | 車偉恒 | 5/5 | 3/3 | 1/1 |
| Lee Yiu Pun | 李耀斌 | 5/5 | 3/3 | 1/1 |
| Average attendance rate | 平均出席率 | 97% | 100% | 75% |

Remarks:

1. Resigned as an Executive Director with effect from 4 April 2007.
2. Appointed as an Executive Director with effect from 21 August 2006.

註:

1. 於二零零七年四月四日辭任執行董事。
2. 於二零零六年八月二十一日獲委任為執行董事。

NOMINATION OF DIRECTORS

The Board has not set up a nomination committee and is responsible for the nomination of new directors. It reviews regularly the need to appoint additional directors with appropriate professional knowledge and industry experience.

During the year, the Board held a meeting to review and consider the appointment of Mr. Yuen Chi King, Wyman as an executive director of the Company. All Directors, except the three independent non-executive Directors attended the meeting and all members of the Remuneration Committee, by means of written resolutions, approved his remuneration and service agreement.

董事會及委員會之出席情況

年內董事會舉行五次會議，平均出席率約為97%。於截至二零零七年三月三十一日止年度，各董事出席董事會會議及委員會會議之詳情載列於下表：

提名董事

董事會並無成立提名委員會，新董事的提名由董事會負責。董事會定期審閱委任具合適專業知識及行業經驗之額外董事之需要。

於年內，董事會舉行一次會議檢討及審議委任源子敬先生為本公司執行董事。除三位獨立非執行董事外，所有董事均出席該次會議，且薪酬委員會所有成員均以書面決議案方式批准彼之薪酬及服務協議。



REMUNERATION COMMITTEE

The Remuneration Committee was established by the Board. Its duties are clearly defined in its terms of reference which have been prepared and adopted according to the Code Provisions. The Remuneration Committee is primarily responsible for reviewing and determining the remuneration policies and packages for directors and senior management of the Company. The remuneration packages of the executive Directors are stipulated in their service agreements. Such packages, including basic salaries, director's fee and discretionary bonus, are determined by reference to their duties, responsibilities, experience, and expected time spent and contributions on the affairs of the Company. The emoluments of the independent non-executive Directors are determined with regard to their estimated time spent on the affairs of the Company.

At the date of this annual report, the Remuneration Committee is composed of three independent non-executive Directors, namely Mr. Che Wai Hang, Allen (Chairman), Dr. Chang Chu Cheng and Mr. Lee Yiu Pun.

During the year, the Remuneration Committee held one meeting to review the remuneration packages for each of the Directors and senior management of the Company.

AUDITOR'S REMUNERATION

During the year, PricewaterhouseCoopers, the auditor of the Company, provided both audit and non-audit services to the Company for a total remuneration of approximately HK\$1,694,000. The relevant fee paid for audit services amounted to approximately HK\$1,200,000. The balance of the remuneration related to the non-audit services which mainly included review of interim results, amounting to approximately HK\$177,000; taxation services, amounting to approximately HK\$268,000; and other non-audit services, amounting to approximately HK\$49,000.

AUDIT COMMITTEE

The Audit Committee was established by the Board. Its duties are clearly defined in its terms of reference which have been prepared and adopted according to the Code Provisions. It provides an important link between the Board and the Company's auditor in matters coming within the scope of the group audit. Its responsibilities include review of the Group's financial reporting prior to their approval by the Board, review of the effectiveness of the external and internal audit, and evaluation of internal controls and risk management.

薪酬委員會

薪酬委員會由董事會成立。其職責已於根據守則條文而編製及採納之職權範圍內清楚界定。薪酬委員會主要負責檢討及釐定本公司董事及高級管理層之薪酬政策及組合。執行董事之薪酬組合乃於彼等之服務協議內訂明。該等組合(包括基本薪金、董事袍金及酌情花紅)乃經參考彼等之職責、責任、經驗及預期彼等就本公司事務所耗時間及貢獻而釐定。獨立非執行董事之酬金乃就彼等於本公司事務所耗時間而釐定。

於本年報日期，薪酬委員會由三名獨立非執行董事組成，即車偉恒先生(主席)、張樹成博士及李耀斌先生。

於內年，薪酬委員會舉行一次會議以檢討本公司各董事及高級管理層之薪酬組合。

核數師酬金

於年內，本公司核數師羅兵咸永道會計師事務所提供之審核及非審核服務，酬金總額約為1,694,000港元。審核服務之有關費用約為1,200,000港元。酬金餘額為非審核服務之費用，主要包括審閱中期業績約177,000港元，稅項服務約268,000港元；及其他非審核服務約49,000港元。

審核委員會

審核委員會由董事會成立。其職責已於根據守則條文編製及採納之職權範圍內清楚界定。審核委員會為董事會及本公司核數師就提供集團審核範疇以內事宜的重要橋樑，其職責包括：於供董事會批准前審閱本集團之財務報告，檢討外部及內部審核之成效，及評估內部監控和風險管理。

AUDIT COMMITTEE (Continued)

The Audit Committee currently comprises three independent non-executive Directors. It is chaired by Mr. Lee Yiu Pun with Mr. Che Wai Hang, Allen and Dr. Chang Chu Cheng as members. During the year, the Audit Committee held two meetings and conducted the following activities:

- (1) reviewed the interim and annual reports of the Company;
- (2) reviewed the internal controls, risk management and financial matters of the Group in pursuance of the terms of reference;
- (3) reviewed the reports from the auditor of the Company in respect of the interim and annual financial statements; and
- (4) made recommendation to the Board on the re-appointment of the auditor of the Company.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities in connection with the preparation of financial statements of the Group.

The responsibilities of the auditor of the Company are set out in the independent auditor's report on pages 41 to 42 of this annual report.

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of internal control so as to ensure the shareholders' investment and the Company's assets are properly safeguarded. The system of internal control is designed to manage the risk of failure to achieve corporate objectives and can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

During the year, the Board has reviewed the effectiveness of the system of internal control of the Group through the Audit Committee and the internal audit team of the Company.

Hong Kong, 28 June 2007

審核委員會(續)

審核委員會現時包括三名獨立非執行董事。主席為李耀斌先生，成員有車偉恒先生及張樹成博士。於年內，審核委員會曾召開兩次會議，並進行以下事宜：

- (1) 審閱本公司之中期報告及年報；
- (2) 按職權範圍審閱本集團之內部監控、風險管理及財務事宜；
- (3) 審閱本公司核數師就中期及年度財務報表作出之報告；及
- (4) 就續聘本公司核數師向董事會提出推薦意見。

董事及核數師對財務報表之責任

董事確認彼等對編製本集團財務報表之責任。

本公司核數師之責任載於本年報第41至42頁之獨立核數師報告。

內部控制

董事會負責維持穩健及有效之內部控制系統，以確保股東之投資及本公司資產得到妥善保障。內部控制系統乃設計以管理未能達成企業目標之風險，並只可就重大錯誤陳述、損失或欺詐行為作出合理而非絕對之保證。

於年內，董事會亦透過本公司審核委員會及內部審計組審閱內部控制系統之成效。

香港，二零零七年六月二十八日