

CORPORATE GOVERNANCE REPORT

企業管治報告

The board of directors (the “Board”) of the Company is pleased to present its corporate governance report for the year ended 31 March 2007.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices as a core element towards success and it has been the Company’s policy to manage the affairs of the Company and its subsidiaries (collectively the “Group”) in accordance with appropriate regulatory standards and practices on good corporate governance.

In the opinion of the Board, the Company has applied the principles and complied with the code provisions of the Code of Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the “Listing Rules”) during the year ended 31 March 2007, save for the deviations with considered reasons stated in the following relevant paragraphs.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code as set out in Appendix 10 to the Listing Rules (including amendments as effected from time to time) as its own code of conduct to regulate securities transactions by directors of the Company (the “Model Code”). All directors of the Company (the “Directors”) have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year from 1 April 2006 to 31 March 2007 (both days inclusive).

The Model Code has been extended to and has become equally applicable to dealings in the securities of the Company by members of senior management and relevant employees who are likely in possession of unpublished price-sensitive information in relation to the Company.

本公司董事會(「董事會」)欣然提呈截至二零零七年三月三十一日止年度之企業管治報告。

企業管治常規

本公司瞭解良好企業管治常規之重要性，乃達至成功之核心因素，而按照適用監管準則及良好企業管治常規管理本公司及其附屬公司(統稱為「本集團」)之事務乃本公司之政策。

董事會認為，本公司於截至二零零七年三月三十一日止年度內一直應用有關原則及遵守香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載企業管治常規守則(「企業管治守則」)之守則條文，惟部分偏離情況除外，所考慮之原因載於以下有關段落。

董事進行證券交易的標準守則

本公司已採納上市規則附錄10所載標準守則(包括不時生效之修訂)，作為其本身規管本公司董事進行證券交易的常規守則(「標準守則」)。經本公司作出具體查詢後，全體本公司董事(「董事」)均已確認，彼等於二零零六年四月一日至二零零七年三月三十一日期間(包括首尾兩日)一直遵守標準守則載列之規定準則。

標準守則已擴展至同樣適用於高層管理人員及有可能擁有本公司未經公佈股價敏感資料之有關僱員。

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BOARD OF DIRECTORS

Board Composition

The Company has at all time during the year ended 31 March 2007 maintained a balanced Board with strong independent element. The Board currently comprises twelve directors with six non-executive directors, three of whom are independent. Each Director possesses skills and experience appropriate to the business of the Group and their particulars are duly set out in the paragraph headed "Biographical Details of Directors and Senior Management" in the directors' report on pages 8 to 14. The Company also meets the requirement of rule 3.10(2) with at least one of the independent non-executive directors possessing appropriate professional qualifications, or accounting or related financial management expertise. All independent non-executive directors have provided to the Company their annual confirmations of independence pursuant to rule 3.13 of the Listing Rules and the Company considers that all of them continue to be independent.

Chairman

Mr CHA Mou Sing Payson

Deputy Chairman and Managing Director

Mr CHA Mou Zing Victor

Executive Directors

Mr CHEUNG Tseung Ming

Mr CHUNG Sam Tin Abraham

(also as alternate to Mr CHA Mou Sing Payson)

Ms HO Pak Ching Loretta

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Dr CHENG Kar Shun Henry

Dr The Honourable CHEUNG Kin Tung Marvin

Mr CHEUNG Wing Lam Linus

Save for Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor, Mr CHA Mou Daid Johnson and Ms WONG CHA May Lung Madeline who are family members, all other Directors have no relationship with each other.

董事會

董事會組成

本公司之董事會於截至二零零七年三月三十一日止年度任何時間皆能保持均衡的董事會架構，且具備強大的獨立元素。董事會現時由十二名董事組成，六名為執行董事，六名為非執行董事，當中三名為獨立非執行董事。各董事均具備適合本集團業務之技能及經驗，彼等之履歷詳情載列於第8頁至第14頁董事會報告內的「董事及高層管理人員之履歷」段落內。本公司亦已符合上市規則第3.10(2)條內最少一名獨立非執行董事具備適當的專業資格或具備適當的會計或相關的財務管理專長之規定。所有獨立非執行董事已根據上市規則第3.13條向本公司呈交有關彼等獨立性之年度確認書。本公司認為彼等均繼續保持其獨立性。

主席

查懋聲先生

副主席兼董事總經理

查懋成先生

執行董事

張昌明先生

鍾心田先生

(兼任查懋聲先生之替代董事)

何柏貞女士

鄧滿華先生

非執行董事

夏佳理議員

查懋德先生

王查美龍女士

獨立非執行董事

鄭家純博士

張建東博士

張永霖先生

除查懋聲先生、查懋成先生、查懋德先生及王查美龍女士為家族成員外，所有其他董事各自間均無任何關係。

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Prior to 28 March 2007 on which our late chairman Dr CHA Chi Ming passed away, the roles of chairman, deputy chairman and chief executive officer of the Company were exercised by three different individuals. On 15 May 2007, Mr CHA Mou Sing Payson and Mr CHA Mou Zing Victor were appointed as chairman and deputy chairman of the Company respectively. Mr CHA Mou Zing Victor continues his office of managing director. The roles of chairman and chief executive officer of the Company are still performed by two separate individuals who are brothers.

Despite that no written responsibilities are set up for the chairman and chief executive officer, the division of responsibilities of the two roles of chairman and chief executive officer are established as a norm by the Board with core duty of the roles duly set out in the Company's articles of association ("Articles"). The Board is considering to divide the responsibilities and set out in writing the roles and duties of chairman and chief executive officer in due course.

During the year under review, four board meetings were held and two sets of written resolutions were passed by all Directors. Details of the Directors' attendance in the board meetings are set out below:

The Honourable Ronald Joseph ARCULLI	3/4	夏佳理議員	3/4
Mr CHA Mou Daid Johnson	4/4	查懋德先生	4/4
Mr CHA Mou Sing Payson (<i>Chairman</i>)	4/4	查懋聲先生 (<i>主席</i>)	4/4
Mr CHA Mou Zing Victor	4/4	查懋成先生	4/4
(<i>Deputy Chairman and Managing Director</i>)		(<i>副主席兼董事總經理</i>)	
Dr CHENG Kar Shun Henry	2/4	鄭家純博士	2/4
Dr The Honourable CHEUNG Kin Tung Marvin	2/4	張建東博士	2/4
Mr CHEUNG Tseung Ming	3/4	張昌明先生	3/4
Mr CHEUNG Wing Lam Linus	3/4	張永霖先生	3/4
Mr CHUNG Sam Tin Abraham	4/4	鍾心田先生	4/4
(also as alternate to Mr CHA Mou Sing Payson)		(兼任查懋聲先生之替代董事)	
Ms HO Pak Ching Loretta	3/4	何柏貞女士	3/4
Mr TANG Moon Wah	4/4	鄧滿華先生	4/4
Ms WONG CHA May Lung Madeline	4/4	王查美龍女士	4/4

Responsibilities of Directors

The Board is responsible for the management of the Company, which includes formulating business strategies, and directing and supervising the Company's affairs.

Upon appointment, every Director is given comprehensive documentations of the business operation of the Group and regulatory and statutory requirements as director together with meetings with senior executives and department heads to brief the business of the Group.

於二零零七年三月二十八日已故主席查濟民博士去世前，本公司主席、副主席及行政總裁之職位由三名不同人士擔任。於二零零七年五月十五日，查懋聲先生及查懋成先生分別獲委任為本公司之主席及副主席，查懋成先生繼續擔任董事總經理。本公司主席及行政總裁之職位仍由兩名身為兄弟之個別人士擔任。

儘管並無書面訂明主席及行政總裁之職責，主席與行政總裁職務之區分，仍如常規一樣由董事會制定，並於本公司之組織章程細則（「章程細則」）妥為載列各職位之核心職務。董事會正考慮劃分主席與行政總裁之職責，並於適當時間以書面訂明職務及職責。

於回顧年度內，董事會曾舉行四次會議及由全體董事通過兩項書面決議案。董事於該等會議的出席率載列如下：

董事責任

董事會負責本公司之管理，包括制定商業策略，並領導及監督本公司之事務。

每名董事於獲委任時會獲派有關本集團業務營運之全套文件，及作為董事之監管及法規規定，並與高級行政人員及部門主管會面，獲簡介本集團業務。

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Directors are provided with continuous updates on the latest changes or material development in statutes, the Listing Rules, corporate governance practices etc. and are encouraged to participate in continuous professional development seminars to update their knowledge for discharging directors' responsibilities.

Delegation by the Board

The Board has set out level of authority and express terms of reference of the relevant board committees and reserves the rights to oversee all other matters not delegated, in particular, major acquisitions or disposals, connected transactions for the Board's decision.

The Board also delegates certain management and administration functions to management as it considers appropriate from time to time, with directions as to the powers of management including circumstances where management shall report back and obtain prior approval from the Board.

The Board shall revisit such delegations to ensure clear directions and powers are given and proper reporting procedures are followed.

Nomination, Appointment, Re-election and Removal of Directors

The Company has not set up a nomination committee. However, the Board may on need basis establish committee comprising board members for expediting the identification of right candidate to fill the vacancy occurred in the Board.

During the year ended 31 March 2007, no committee has been set up for the aforesaid purpose. Subsequent to the passing away of the late chairman, Dr CHA Chi Ming, the Board at a board meeting held on 15 May 2007 appointed Mr CHA Mou Sing Payson and Mr CHA Mou Zing Victor as the chairman and deputy chairman of the Company respectively.

The Articles have provided rotation and re-election for all Directors. As required by the Articles, at each annual general meeting ("AGM") of the Company, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years and any Director appointed by the Directors shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following AGM of the Company (in the case of an addition to the Board) and eligible to offer for re-election.

董事不斷就法規、上市規則及企業管治常規守則等事宜之最新變動或重大發展獲得更新資料，並獲鼓勵參與持續專業發展研討會，以更新彼等對履行董事職責之認識。

董事會權力的轉授

董事會已就相關董事委員會制定權力水平及明確職權範圍，並保留權力監管所有其他未授權之事項由董事會決定，特別是主要收購或出售及關連交易。

董事會亦不時賦予管理層其認為合適之若干管理及行政職能，就管理層之權力提供指引，包括管理層向董事會匯報及取得董事會事先批准之情況。

董事會將重新評估有關授權，以確保給予清晰指引及權力，並遵守適當匯報程序。

提名、委任、重選和罷免董事

本公司並無成立提名委員會。然而，董事會可於有需要時成立由董事會成員組成之委員會，以加快物色合適人選填補董事會之空缺。

於截至二零零七年三月三十一日止年度，並無為上述目的而成立委員會。已故主席查濟民博士逝世後，董事會於二零零七年五月十五日舉行之董事會會議上分別委任查懋聲先生及查懋成先生為本公司之主席及副主席。

章程細則規定全體董事須輪值告退及膺選連任。章程細則規定，於本公司股東週年大會（「股東週年大會」）上，當時三分之一之董事（或若董事數目並非三或其倍數，則最接近但不少於三分之一之董事）須輪值告退，惟每名董事均須最少每三年輪值告退一次，而獲董事委任之任何董事任期僅至本公司下屆股東大會為止（就填補臨時空缺而言），或直至本公司下屆股東週年大會為止（就董事會增加董事席位而言），並合資格膺選連任。

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Accordingly, there are four Directors including Mr CHA Mou Sing Payson, Mr CHA Mou Daid Johnson, Mr CHEUNG Tseung Ming and Mr CHUNG Sam Tin Abraham shall retire at the forthcoming 2007 AGM and stand for re-election by the shareholders.

All non-executive directors of the Company were appointed with no specific term, but are subject to the aforesaid rotation clause in the Articles.

Remuneration of Directors

Directors' remuneration (save for directors' fees which are subject to shareholders' approval at general meeting) are determined with reference to market terms, their respective duties and responsibilities in the Group and the Group's remuneration policy. Under the terms of reference of the remuneration committee, the remuneration committee should make recommendation to the Board on the policy and it has the delegated responsibilities to determine the specific remuneration package of the executive directors and the senior management. Details of the Directors' remuneration for the year ended 31 March 2007 are disclosed in note 12 to the consolidated financial statements.

The remuneration committee of the Company comprises the managing director and three independent non-executive directors of the Company. The managing director involves in recommending proposals of the remuneration of other executive directors prior to their due consideration and approval by the remuneration committee. The managing director of the Company abstains from voting when his remuneration is considered by the remuneration committee. His remuneration is recommended by the chairman and reviewed and determined by the remuneration committee.

Board Committees

The Board has set up the remuneration committee, audit committee and other executive committees and all of them have duly adopted their respective clear terms of reference. The Board will also from time to time review the terms of reference of such committees and reform and renovate some of them to align with better corporate governance standards. The board committees are entitled to seek independent professional advice, at the Company's expenses, if it considers necessary in order to perform their duties.

因此，共有四名董事包括查懋聲先生、查懋德先生、張昌明先生及鍾心田先生，將於應屆二零零七年股東週年大會退任，並由股東重選。

本公司全體非執行董事均無特定委任任期，惟須遵守章程細則內上述輪值告退規定。

董事酬金

董事酬金(除董事袍金須於股東大會上批准外)乃參考市況、彼等各自於本集團之職責及職務，以及本集團之薪酬政策後釐定。根據薪酬委員會之職權範圍，薪酬委員會須就政策向董事會提出建議，並有授權責任釐定執行董事及高層管理人員之薪酬待遇。截至二零零七年三月三十一日止年度之董事酬金詳情於綜合財務報表附註12披露。

本公司之薪酬委員會由董事總經理及本公司三名獨立非執行董事組成。董事總經理於薪酬委員會作出適當考慮及批准前，就其他執行董事之薪酬建議提供意見。本公司董事總經理於薪酬委員會考慮其酬金時，須放棄投票。其酬金由主席建議，並由薪酬委員會審閱及釐定。

董事會轄下的委員會

董事會已設立薪酬委員會、審核委員會及其他執行委員會。各委員會已正式採納其清楚訂明的職權範圍。董事會亦將不時審閱該等委員會之職權範圍，並修改當中若干條文，使之符合更佳企業管治準則。董事會轄下委員會有權按其認為就履行職責所需徵求獨立專業意見，費用由本公司承擔。

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During the year under review, the Board has set up a special executive committee comprising Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor and Mr TANG Moon Wah to deal with the disposal of 50% interest in the Dazhongli project, a special executive committee comprising Mr CHEUNG Tseung Ming, Mr CHUNG Sam Tin Abraham and Ms HO Pak Ching Loretta and two independent board committees both comprising Dr CHENG Kar Shun Henry and Mr CHEUNG Wing Lam Linus to deal with the continuing connected transactions in respect of the construction and renovation transactions with Hanison Construction Holdings Limited (“Hanison”) and the on-going management of the Broad Base Fund.

Details of the remuneration committee and audit committee are set out below:

REMUNERATION COMMITTEE

The remuneration committee of the Company was established on 2 December 2004 and is regulated by the terms of reference approved by the Board. The terms of reference of the remuneration committee require, inter alia, the composition of the members of the remuneration committee to comprise the managing director and three independent non-executive directors of the Company. The terms of reference of the remuneration committee is available for viewing at the Company’s website, www.hkri.com.

The principal role and function of the remuneration committee is to exercise the powers of the Board to review and determine the remuneration packages of individual executive directors and senior management members, including salaries, bonuses, benefits in kind, share options and other plans. Such factors as remuneration paid for comparable positions, time commitment and responsibilities of the executive directors and senior management members as well as the Company’s remuneration policy will be considered.

During the year under review, two meetings of the remuneration committee were held plus three written resolutions passed by all committee members for transacting businesses including but not limited to consider and endorse the remuneration policy and structure for the executive directors and senior management members for recommendation to the Board, to determine their bonus payment and other contract terms. The specific remuneration packages payable to the executive directors and senior management members of the Company for the year ended 31 March 2007 have been reviewed and approved by the remuneration committee as delegated by the Board.

於回顧年度內，董事會曾就處理出售大中里項目50%權益而成立由查懋聲先生、查懋成先生及鄧滿華先生組成之特別執行委員會，並就處理與興勝創建控股有限公司（「興勝創建」）之建築交易及裝修交易，以及持續管理Broad Base Fund之持續關連交易而成立由張昌明先生、鍾心田先生及何柏貞女士組成之特別執行委員會，以及兩個均由鄭家純博士及張永霖先生組成之獨立董事委員會。

薪酬委員會及審核委員會之詳情載列如下：

薪酬委員會

本公司之薪酬委員會於二零零四年十二月二日成立，並由董事會批准之職權範圍所規管。根據其職權範圍，薪酬委員會成員由本公司董事總經理及三名獨立非執行董事組成。薪酬委員會之職權範圍可於本公司網站 www.hkri.com 覽閱。

薪酬委員會之主要職務及職能為行使董事會權力，以釐定及檢討個別執行董事及高層管理人員之薪酬待遇，包括薪金、花紅、實物利益、購股權及其他計劃。薪酬委員會會考慮跟執行董事及高層管理人員可作比較職位所給予之薪酬、所付出時間及職責，以及本公司之薪酬政策等因素。

於回顧年度內，薪酬委員會曾舉行兩次會議，並就處理事務由全體委員會成員通過三項書面決議案，包括（但不限於）考慮並確認執行董事及高層管理人員之薪酬政策及組合，並向董事會作出建議，以及釐定所付花紅及其他合約條款。截至二零零七年三月三十一日止年度，董事會所授權之薪酬委員會已審閱及批准應付本公司執行董事及高層管理人員之特定酬金待遇。

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The current members of the remuneration committee are Mr CHA Mou Zing Victor, Dr CHENG Kar Shun Henry, Dr The Honourable CHEUNG Kin Tung Marvin and Mr CHEUNG Wing Lam Linus with Dr CHENG takes a lead role as chairman thereof. The attendance rates of the members of the remuneration committee for the two meetings were as follows:

Committee Members	Attendance	委員會成員	出席率
Mr CHA Mou Zing Victor	2/2	查懋成先生	2/2
Dr CHENG Kar Shun Henry (<i>Chairman</i>)	2/2	鄭家純博士 (主席)	2/2
Dr The Honourable CHEUNG Kin Tung Marvin	1/2	張建東博士	1/2
Mr CHEUNG Wing Lam Linus	2/2	張永霖先生	2/2

AUDIT COMMITTEE

The audit committee of the Company was established on 17 July 1998 and is regulated by the terms of reference approved by the Board. According to its terms of reference, the members of the audit committee comprise non-executive directors with a majority (including the chairman) being independent non-executive directors of the Company. The terms of reference of the audit committee is available for viewing at the Company's website, www.hkri.com.

The principal role and function of the audit committee is to assist the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting objectives.

During the year under review, the audit committee met twice together with senior management and external auditors and had considered the external auditors' projected audit fees, their independence and the nature and scope of the audit, reviewed and discussed the interim and final financial statements together with the management's findings and responses and auditor's reviews and reports before submission to the Board for approval.

薪酬委員會現任成員為查懋成先生、鄭家純博士、張建東博士及張永霖先生，其中鄭博士為薪酬委員會主席，擔當主導角色。薪酬委員會成員於該兩次會議之出席率如下：

委員會成員	出席率
查懋成先生	2/2
鄭家純博士 (主席)	2/2
張建東博士	1/2
張永霖先生	2/2

審核委員會

本公司審核委員會於一九九八年七月十七日成立，受董事會批准之職權範圍所規管。根據其職權範圍，審核委員會成員由非執行董事組成，其中(包括主席)大多數為本公司獨立非執行董事。審核委員會之職權範圍可於本公司網站www.hkri.com覽閱。

審核委員會之主要職務及職能為協助董事會履行其保持有效之內部監控及守章制度之職責，及符合其對外財務報告目標。

於回顧年度內，審核委員會曾與高層管理人員及外聘核數師舉行兩次會議，以考慮外聘核數師之預計審核費用，其獨立身份及審核性質與範圍，並於提交董事會批准前，審閱及討論中期及全年財務報表，以及管理層之發現及回應以及核數師之意見及報告。

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The current members of the audit committee are The Honourable Ronald Joseph ARCULLI, Dr CHENG Kar Shun Henry, Dr The Honourable CHEUNG Kin Tung Marvin and Mr CHEUNG Wing Lam Linus with Dr CHENG takes a lead role as chairman thereof. The attendance rates of the members of the audit committee for the two meetings were as follows:

Committee Members	Attendance	委員會成員	出席率
The Honourable Ronald Joseph ARCULLI	0/2	夏佳理議員	0/2
Dr CHENG Kar Shun Henry (<i>Chairman</i>)	2/2	鄭家純博士 (主席)	2/2
Dr The Honourable CHEUNG Kin Tung Marvin	2/2	張建東博士	2/2
Mr CHEUNG Wing Lam Linus	2/2	張永霖先生	2/2

審核委員會現任成員為夏佳理議員、鄭家純博士、張建東博士及張永霖先生，其中鄭博士為審核委員會主席，擔當主導角色。審核委員會成員於該兩次會議之出席率如下：

The work performed by the audit committee during the year are summarised as follows:

審核委員會於年內進行之工作概要如下：

- review and approve the engagement of external auditors of the Company and its various subsidiaries for the year ended 31 March 2006 and the related audit fee;
- review the report to the audit committee in respect of the annual audit of the financial statements for the year ended 31 March 2006 as prepared by the auditors;
- review the financial statements of the Company for the year ended 31 March 2006 and recommend the same to the Board for approval;
- review the preliminary results announcement for the year ended 31 March 2006 of the Company;
- review the continuing connected transactions of the Company;
- review those paragraphs relating to audit committee, auditors' remuneration and internal control in the corporate governance report contained in the Company's annual report 2005/06;
- review and approve the engagement of external auditors for the review of the interim results for the six months ended 30 September 2006 and the related fee;
- 審閱及批准聘用本公司及多家附屬公司於截至二零零六年三月三十一日止年度之外聘核數師，以及有關審核費用；
- 審閱由核數師所編製致審核委員會有關截至二零零六年三月三十一日止年度審核之財務報表的報告；
- 審閱本公司截至二零零六年三月三十一日止年度之財務報表，並建議董事會批准；
- 審閱本公司截至二零零六年三月三十一日止年度之初步業績公佈；
- 審閱本公司之持續關連交易；
- 審閱本公司二零零五／零六年年報之企業管治報告內所載有關審核委員會、核數師酬金及內部監控之段落；
- 審閱及批准聘用外聘核數師審閱截至二零零六年九月三十日止六個月之中期業績，以及有關費用；

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- review the interim results for the six months ended 30 September 2006;
 - review the preliminary results announcement and interim report for the six months ended 30 September 2006;
 - review the summary report on internal controls from the internal audit department of the Company;
 - review the report prepared by internal audit department on audit reviews and audit plan and the work;
 - review the progress report on seeking independent consultants' advice in code of corporate governance on internal controls; and
 - recommend to the Board for the re-appointment of Messrs Deloitte Touche Tohmatsu as the auditors of the Company for the year ended 31 March 2007.
- 審閱本公司截至二零零六年九月三十日止六個月之中期業績；
 - 審閱本公司截至二零零六年九月三十日止六個月之初步業績公佈及中期報告；
 - 審閱本公司內部審核部門之內部監控概要報告；
 - 審閱內部審核部門就審核回顧及審核計劃與工作編製之報告；
 - 審閱就內部監控徵求獨立顧問有關企業管治守則之意見之進展報告；及
 - 建議董事會續聘德勤•關黃陳方會計師行為本公司截至二零零七年三月三十一日止年度之核數師。

AUDITORS' REMUNERATION

The auditors' remuneration for the year under review was HK\$4.4 million (2006: HK\$3.4 million). In addition to the audit fee, the Company has appointed Deloitte Touche Tohmatsu, its external auditors, for other non-audit services including tax compliance, special services rendered in relation to the disposal of 50% interest in the Dazhongli project, the continuing connected transactions in respect of the construction and renovation transactions with Hanison and the Broad Base Fund, for around HK\$2.0 million (2006: HK\$3.5 million) in the year under review.

INTERNAL CONTROLS

The Board is responsible for maintaining a sound and effective system of internal controls, which includes financial, operational and compliance controls and risk management functions.

The Company has an internal audit department which is responsible for performing independent reviews on the effectiveness of the Group's system of internal controls and reports audit findings to the audit committee and the Board regularly.

核數師酬金

核數師於回顧年度之酬金為4.4百萬港元(二零零六年：3.4百萬港元)。除審核費用外，本公司於回顧年度內，以約2.0百萬港元(二零零六年：3.5百萬港元)委任其外聘核數師德勤•關黃陳方會計師行，提供非審核服務，當中包括稅務申報、就出售大中里項目50%權益、有關與興勝創建之建築交易及裝修交易以及有關Broad Base Fund之持續關連交易等特別服務。

內部監控

董事會負責維持健全有效之內部監控制度，包括財務、營運及遵例監控及風險管理職能。

本公司設有內部審核部門，負責獨立檢討本集團內部監控制度之效益，並定期將其審核研調結果向審核委員會及董事會匯報。

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During the year, the Group's internal audit department conducted a review of the effectiveness of the system of internal controls of the Group, covering material controls, including financial, operational and compliance controls and risk management functions. To assist in this process the Company engaged an external consultant to assist the internal audit function to conduct a High Level Risk Assessment (HLRA) for one selected process of the Group's operations in Hong Kong, i.e. the Property Development process as well as a gap analysis of the Group's entity-level controls against the internal controls framework suggested by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO Analysis).

The findings of the internal audit review and results of the COSO Analysis and the HLRA were reported to the audit committee and the Board. Accordingly, the Board considers that the Group's internal control systems for the year ended 31 March 2007 effective and adequate.

RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2007 which give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows of the Group. In preparing the consolidated financial statements for the year ended 31 March 2007, the Directors have (i) selected suitable accounting policies and applied them consistently, (ii) made judgements and estimates that are prudent and reasonable; and (iii) prepared accounts on the going concern basis.

The statement of the Company's auditors about their reporting responsibilities on the consolidated financial statements of the Company for the year ended 31 March 2007 is contained in the auditors' report on pages 43 and 44.

年內，本集團內部審核部門檢討了本集團內部監控制度之效益，其工作範圍涵蓋重大監控，包括財務、營運及遵例監控及風險管理職能。為協助此項工作進行，本公司外聘顧問協助內部審核職能部門，於本集團在香港的營運中選定一個營運程序(即物業發展程序)進行高層次風險評估(HLRA)，以及就Committee of the Sponsoring Organizations of the Treadway Commission建議之內部監控原則跟集團的實體層面監控進行差異分析(COSO分析)。

內部監控檢討的研調結果及COSO分析與HLRA之結果已向審核委員會及董事會匯報。因此，董事會認為本集團截至二零零七年三月三十一日止年度之內部監控制度屬有效及足夠。

編製財務報表之責任

董事瞭解彼等就截至二零零七年三月三十一日止年度編製可真實公平地反映本公司及本集團財政狀況及本集團截至該日止年度業績及現金流量之財務報表之責任。在編製截至二零零七年三月三十一日止年度的綜合財務報表時，董事已(i)選定及貫徹應用適合會計政策；(ii)作出審慎合理之判斷及估算；及(iii)按持續經營基準編製賬目。

本公司核數師就截至二零零七年三月三十一日止年度之綜合財務報表之申報責任聲明載於第43頁及第44頁之核數師報告內。