



## EMPLOYEES AND EMPLOYMENT POLICIES

As at 31 March 2006, the Group had approximately 38 employees with remuneration of approximately HK\$5.1 million for the Period under review. The Group's emolument policies are formulated on the performance of individual employee and will be reviewed regularly every year.

The Group has established a share option scheme for its employees and other eligible participants with a view to providing an incentive to or as a reward for their contribution to the Group.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

## CORPORATE GOVERNANCE

On 1 January 2005, the Code of Best Practices was replaced by the Code of Corporate Governance Practices (the "Code") as contained in Appendix 14 of the Listing Rules.

During the Period, the Company has been taking action to comply with the code provisions set out in the Code, including a corporate governance code setting out provisions dealing with various corporate governance matters of the Company was adopted, Remuneration Committee and Nomination Committee have been established to monitor the Group's development in the respective areas and a new set of articles of association has also been adopted in 2006 annual general meeting held on 3 March 2006 in order to comply with the Code.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Wong Chi Ming, Jeffry ("Mr. Wong") is the Chairman of the Company and co-founder of the Company. Mr. Wong has extensive experience in the jewellery industry who is responsible for the overall strategic planning and policy making of the Group.

The Company has no such title as the chief executive officer and therefore the daily operation and management of the Company is monitored by the executive directors as well as the senior management.

The Board is of the view that although there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting the operation of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules regarding securities transactions by its directors. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code. All the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the Period.



### AUDIT COMMITTEE

The Company has an audit committee which was established, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. Currently the audit committee comprises the three independent non-executive directors of the Company. The unaudited interim report for the Period has been reviewed and approved by the audit committee.

### APPRECIATION

On behalf of the Board, I would like to express our appreciation to all our management and staff members for their ongoing contribution and hard work. We would also like to thank our shareholders for their continuing support.

On behalf of the Board  
**Ming Fung Jewellery Group Limited**  
**Wong Chi Ming, Jeffry**  
*Chairman*

As at the date of this report, the executive directors of the Company are Mr. Wong Chi Ming, Jeffry, Ms. Lui Ching Han, Magda, Mr. Chung Yuk Lun and Mr. Yu Fei, Philip and the independent non-executive directors of the Company are Mr. Lee Pak Chung, Mr. Chan Man Kiu and Mr. Tam Ping Kuen, Daniel.

Hong Kong, 23 June 2006