

# Corporate Governance Report

The Directors is committed to safeguard the interest of its shareholders by complying with the corporate governance requirements set out in the Code on Corporate Governance Practice (the "Code") as set out in the Appendix 14 of the Listing Rules. The Company strives to improve the transparency of its corporate governance practices and maximise the return to its shareholders through prudent management, investment and treasury policies.

## COMPLIANCE WITH LISTING RULES

In the opinion of the Directors, the Company has complied with the requirements of the Code as set out in Appendix 14 of the Listing Rules for the year ended 31st March 2006.

## THE BOARD OF DIRECTORS

During the year, the Board of Directors of the Company comprised of four Executive Directors and three Independent Non-Executive Directors, whose personal biographies are set out in pages 9 to 10 of this Annual Report.

The Company forms its Board of Directors based on the characteristics and uniqueness of its operations to ensure that each director possesses the required experience and management expertise. In order to balance the power between the Executive Directors and Independent Non-Executive Directors, the Company appointed three qualified candidates to become its Independent Non-Executive Directors to ensure the independence of the policy making process of the Board and protect the interest of its shareholders. The Company has received confirmations of independence from each of the Independent Non-Executive Directors. The Company considers them to be independent.

The responsibilities of the chairman and vice chairman of the Company are properly defined and separated. The chairman is responsible for leading the Board of Directors to ensure effective operation of the Board and full compliance with corporate governance requirements. The vice chairman is responsible for the day-to-day operation of the Company and implementation of the development strategy adopted by the Board of Directors. The chairman is the father of the vice-chairman.

The Directors delegates day-to-day operation of the business of the Group to the management of relevant subsidiaries or divisions.

The Directors held regular meetings during the year to discuss the overall development strategy, operations and financial reporting of the Company. The matters resolved and considered by the Directors include overall development strategies, major acquisition, annual and interim results, dividend policy, proposed appointment and re-election of directors, appointment of auditors and other operation and financial matters relating to the Company. The time, agenda and related documents of the board meeting will be available to the Directors at least 14 working days in advance to enable each director to fully understand the matters to be discussed and make an informed opinion. Each Director has the right to seek independent professional advice in furtherance of his duties at the expense of the Company. No Director has requested to seek professional advice as mentioned above during the year.

During the year ended 31st March 2006, four board meetings were held. The attendance of the Directors at the meetings of the Board and its respective committees is as follows:

	<b>Board meeting</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nomination Committee</b>
Mr. Wong Ip Kuen	4/4	N/A	N/A	N/A
Mr. Wong Tin Cheung	4/4	N/A	1/1	N/A
Mr. Sun Chun Wai	4/4	N/A	N/A	N/A
Mr. So Yau Chi	4/4	N/A	0/1	N/A
Dr. Yeung Tsun Man, Eric	3/4	2/2	1/1	0/0
Mr. Wu King Cheong	4/4	2/2	1/1	0/0
Mr. Chan, Bernard Charnwut	4/4	1/2	1/1	0/0

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## SUB-COMMITTEES OF THE BOARD

The Directors has set up an audit committee, a remuneration committee and nomination committee, all of them are chaired by an Independent Non-Executive Director with written terms of reference which were discussed and approved by the Directors. The duties of the three committees are as follows:

### AUDIT COMMITTEE

The Audit Committee was established in April 1999 and its responsibilities include the reviewing of the Company's financial reporting and internal control system, appointment of auditors and review of corporate governance issues and make recommendations to the Board. The committee comprises:

Dr. Yeung Tsun Man, Eric – *Chairman of the Committee*

Mr. Wu King Cheong

Mr. Chan, Bernard Charnwut

The chairman of the Audit Committee is an independent non-executive director and its members are all independent non-executive directors with relevant financial and commercial experience. Their role is to ensure objectivity and credibility of financial reporting, and that the Directors have exercised the care, diligence and skills prescribed by law when presenting results to the shareholders.

The Audit Committee held two meetings in the year ended 31st March 2006 to review the results, the accounting principles and practices adopted by the Company, the requirements of the Listing Rules and discuss the auditing, internal control, risk management and financial reporting matters with the Company's senior management and external auditors. The record of attendance of the members is listed on page 19.

### AUDITORS' REMUNERATION

The Company engaged PricewaterhouseCoopers as the Company's external auditors. For the year ended 31st March 2006, PricewaterhouseCoopers provided the following services to the Group:

	HK\$'000
Audit services	1,323
Taxation services	239
	1,562

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## REMUNERATION COMMITTEE

The Remuneration Committee was established in April 2005 and is chaired by Mr. Chan, Bernard Charnwut. The Remuneration Committee is responsible for the approval of remuneration packages (including non-monetary benefits, retirement benefits and share option scheme) for all executive directors and senior management and advising on the remuneration of Independent Non-Executive Directors. The Remuneration Committee met once during the year ended 31st March 2006 and the record of attendance of the members is listed on page 19. The members of the Remuneration Committee are as follows:

Mr. Chan, Bernard Charnwut – *Chairman of the Committee*

Dr. Yeung Tsun Man, Eric

Mr. Wu King Cheong

Mr. Wong Tin Cheung

Mr. So Yau Chi

## NOMINATION COMMITTEE

The Nomination Committee was established in April 2005 and is chaired by Mr. Wu King Cheong. The terms of reference of the Nomination Committee was formulated in accordance with the requirements of the new Code on Corporate Governance Practices. The Nomination Committee is responsible for making recommendations to the Board on the appointment of Directors. Since there is no casual vacancy in the Board, the Nomination Committee has not held any meeting during the year ended 31st March 2006.

The members of the Nomination Committee are as follows:

Mr. Wu King Cheong – *Chairman of the Committee*

Mr. Chan, Bernard Charnwut

Dr. Yeung Tsun Man, Eric

The record of attendance of the members is listed on page 19.

## DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the requirements of the Model Code as set out in Appendix 10 of the Listing Rules regarding the securities transactions of the Directors of the Company. Having made specific enquiry of all Directors of the Company, they have confirmed that they complied with the required standard set out in the Model Code during the accounting period covered by this annual report.

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

During each financial period, the Directors are responsible for the preparation of financial statements that give a true and fair view of the state of affairs of the Group and of the Group's results and cash flows during the relevant period. In preparing the financial statements for the year ended 31st March 2006, appropriate accounting policies are selected and applied consistently by the Directors, who made careful and reasonable judgements and estimates, and prepared the financial statements on an on-going basis. The Directors are responsible for the filing of appropriate accounting records that reasonably and accurately disclose the financial position of the Company from time to time.