

# Corporate Governance Report

## Corporate Governance Practices

The board of directors of the Company is committed to ensure a high standard of corporate governance. It is believed that high standards of accountability and better transparency will maintain and maximize the shareholders' value.

During the year, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, except for certain deviations that are discussed later in this report.

## Board of Directors

The board of directors of the Company comprises seven directors, which three are executive directors and four are independent non-executive directors. The members of board of directors, up to the date of this report, are:

### *Executive Directors*

Mr. Bernard Pouliot (*Chairman*)

Mr. Kenneth Lam Kin Hing (*Deputy Chairman*)

Mr. Richard David Winter (*Deputy Chairman*)

### *Independent Non-executive Directors*

Mr. Gordon Kwong Che Keung

Mr. Jeremy King

Mr. Steven Kwan Ying Wai

Mr. Esmond Quek Keng Liang

The board of directors is responsible for leading and overseeing the affairs of the Group and formulating the overall business strategy of the Group.

The board of directors is responsible to ensure the Company achieves its objectives, approve the business strategic plans and review management performance. The executive committee, comprising the Group Managing Director, Executive Directors and the Chief Financial Officer, is responsible for leading the management team to manage day-to-day operations and report to the board of directors the way the business is run and its performance. The Chairman is responsible for running the board, ensuring that members of the board receive accurate, timely and clear information to help them reach well-informed and well-considered decisions; and ensuring that enough time is allowed for discussion of complex or contentious issues.

# Corporate Governance Report (continued)

During the year, four full board meetings and three resolutions in writing in lieu of board meeting were held and passed, respectively. The attendance of each director for the board meeting is set out as follows:

Members of Board of Directors	Attendance/ Number of meetings
Mr. Bernard Pouliot ( <i>Chairman</i> )	4/4
Mr. Kenneth Lam Kin Hing	4/4
Mr. Richard David Winter	4/4
Mr. Gordon Kwong Che Keung	3/4
Mr. Jeremy King	2/4
Mr. Steven Kwan Ying Wai	1/4
Mr. Edmond Quek Keng Liang	1/4

The Company has arranged for appropriate liability insurance for the directors for indemnifying their liabilities arising out of corporate activities.

## Chairman and Chief Executive Officer

The Company does not have any office with the title “Chief Executive Officer”. Mr. Bernard Pouliot is the Chairman of the Company and the Managing Director of the Group. This constitutes a deviation from code provision A.2.1 of the CG Code. However, in view of the current operation of the Group, the management considers that the current structure, the size of the Group and its resources, the experience of Mr. Bernard Pouliot in respect to financial services business and his wealth of experience with listed issuers and leadership that it is currently most efficient to maintain this structure and therefore there is no imminent need to change this arrangement.

## Service Term of Independent Non-executive Directors

All the existing independent non-executive directors, except Mr. Esmond Quek Keng Liang, do not have a specific term of appointment. This constitutes a deviation from code provision A.4.1 of the CG Code. However, pursuant to the Company’s Bye-laws that at each annual general meeting one-third of the directors for the time being shall retire from office by rotation, provided that every director shall be subject to retirement at least once every three years. Therefore, no director has an effective term of appointment longer than three years.

## Independence of Independent Non-executive Directors

The Company has complied with rules 3.10(1) and 3.10(2) of the Listing Rules for the appointment of a sufficient number of independent non-executive directors.

The Company confirmed that it has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules and the Company still considers the independent non-executive directors to be independent.

# Corporate Governance Report (continued)

## Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year.

## 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. The audit committee comprises three independent non-executive directors of the Company.

During the year, 2 audit committee meetings were held and the attendance of each member is set out as follows:

Audit Committee Members	Attendance/ Number of meetings
Mr. Gordon Kwong Che Keung ( <i>Chairman</i> )	2/2
Mr. Steven Kwan Ying Wai	1/2
Mr. Jeremy King	1/2

The audit committee is also responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

The audit committee and the management have commenced to mandate independent third parties to review the effectiveness of systems including internal controls and I.T. security systems of the Company and the Group. The annual review requirement under the CG code shall apply to the Company beginning its fiscal year ending 31 March 2007.

The audit committee has met with the Company’s external auditors to review the accounting policies and practices adopted by the Group and the interim results for the period ended 30 September 2005 and the annual results the year ended 31 March 2006 of the Group.

## Remuneration Committee

The Company has established a remuneration committee which comprises three independent non-executive directors of the Company, Mr. Jeremy King (Chairman), Mr. Gordon Kwong Che Keung and Mr. Steven Kwan Ying Wai and one executive director of the Company, Mr. Richard David Winter.

The remuneration committee is responsible for determining the remuneration packages of the directors and senior management of the Group, including benefits in kind, pension rights and compensation payments.

The remuneration committee is also responsible for formulating and evaluating the remuneration policy and structure for the directors and senior management of the Group.

# Corporate Governance Report (continued)

During the year, no remuneration committee meeting was held and two resolutions in writing in lieu of remuneration committee meeting were passed.

The remuneration committee had reviewed and made recommendations to the terms and remuneration packages of service contracts of each of executive director of the Company which were renewed during the year.

## Nomination Committee

The Company has not set up a nomination committee in relation to the appointment of directors.

The appointment of new directors will be considered and approved by the board of directors of the Company based on the proposed directors' knowledge, experience and possible contribution to the Group. The newly appointed director is subject to re-election by shareholders at the annual general meeting in the first year of the appointment pursuant to the Company's Bye-laws.

## Auditors' Remuneration

Messrs. Grant Thornton has been appointed as the Company's auditors and will hold office until the conclusion of the forthcoming annual general meeting of the Company. The financial statements for the year ended 31 March 2006 of the Company have been audited by Company's auditors.

During the year, the remuneration paid or payable to the Company's external auditors for the services provided to the Group is set out as follows:

Services rendered	Fees paid/payable HK\$'000
Audit services	1,228
Non-audit services (i.e. taxation services)	215
	1,443

## Responsibility Statements for the Financial Statements

The board of directors of the Company acknowledges their responsibilities for the preparation of the financial statements, which were prepared in accordance with the statutory requirements and applicable accounting standards.

The responsibilities of the Company's external auditors on the financial statements are set out in the Auditors' Report on page 32 of this annual report.

## 環球投資峰會 2006



## 窩輪快遞 Warrant Express

Quamnet is a financial hub where financial institutions, business corporations and professional bodies meet with the investing community. We have an increasing number of investing community is expanding who are sophisticated and knowledgeable investors, and is renowned for its independent and in-depth research and commentary on Hong Kong equity markets. From time to time, quamnet holds investment conferences and publishes weekly e-newsletter covering market trends that helps investors to make astute investment decisions.

華富財經網站扮演金融資訊中心的角色，將金融機構、商營企業及專業團體與投資社群連成一線。華富財經的瀏覽人次不斷上升，當中大部分均為經驗豐富的投資者，我們向來以獨到深入的港股市場研究及評論而聞名，並不時舉辦投資會議及透過電郵發表每週快報，全面剖析市場走勢，協助投資者作出精明的投資決定。

