

CORPORATE GOVERNANCE REPORT

企業管治報告

The board of directors (the “Board”) is committed to promote good corporate governance to safeguard the interests of the shareholders and to enhance the performance of the Group. Set out below are the details of the corporate governance principles and practices adopted by the Company.

BOARD OF DIRECTORS**Board Composition**

The principal duty of the Board is to ensure that the Company is properly managed in the interest of shareholders. The Board, led by the Chairman, is responsible for the leadership and control of the Company, including overseeing the Group’s businesses, strategic decisions and performances. Management is responsible for the day-to-day operations of the Group under the leadership of the Executive Directors.

The Board has three Executive Directors and three Non-Executive Directors. Save as the spouse relationship between Mr. Chang Ei Eu, and Ms. Hsieh Ming Chiu, the Executive Directors, there is no family relationship between any of the Directors, nor is there any financial, business or other material or relevant relationships among the members of the Board. One of the Independent Non-Executive Directors possesses the appropriate professional accounting qualifications as required under the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. Biographies of the Directors are set out on pages 11 to 13 to this Annual Report.

According to Clauses 87 of the Articles of Association of the Company, one-third of the Directors shall retire from office by rotation at least once every three years and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has not established a nomination committee. According to the Articles of Association of the Company, the Board has the power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy or as an addition to the Board. The current nomination procedures for appointment of new directors would normally take into consideration of the candidates’ qualification, ability, working experience, leadership, professional ethics and any other factors, if any, which are relevant to the Group’s business. Then, the list of candidates with their biographies would be brought to the Board for consideration. No Board meeting was held for nomination of director in 2006.

董事局(「董事局」)矢志促進良好企業管治，以保障股東權益及提升本集團之表現。以下為本公司採取之企業管治原則及慣例的詳情。

董事局**董事局之組成**

董事局之主要職責是確保本公司獲得妥善管理，以符合股東利益。董事局在主席領導下，負責領導及控制本公司，包括監督本集團之業務、策略決策及表現。在執行董事帶領下，管理層負責本集團之日常營運。

董事局由三名執行董事及三名非執行董事組成。除執行董事張翼宇先生與執行董事謝明秋女士為配偶外，董事之間概無其他家屬關係，而董事局各成員之間亦無任何財政、業務或其他重要或相關關係。其中一名獨立非執行董事具備香港聯合交易所有限公司證券上市規則(「上市規則」)規定之合適專業會計資格。各董事之簡歷載於本年報第11至第13頁。

根據本公司之章程細則第87條，三分一的董事須最少每三年輪值告退一次，彼等合乎資格並願意於應屆股東週年大會膺選連任。

本公司並無成立提名委員會。根據本公司之章程細則，董事局有權於任何時間委任董事以填補臨時空缺或作為董事局之新增成員。現時就委任新董事而訂之提名程序一般會考慮到候選人之資歷、能力、工作經驗、領導能力、專業操守及有關本集團業務之任何其他因素(如有)。候選人之名單然後會連同其履歷呈交董事局考慮。二零零六年內並無就提名董事人選而舉行董事局會議。

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Each of Independent Non-Executive Directors of the Company was appointed as an Independent Non-Executive Director for a term of three years commencing from 10th June, 2006 pursuant to a letter of appointment, provided that either party may terminate such appointment at any time by giving at least one month's notice in writing to the other.

The Company has received from each Independent Non-Executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the three Independent Non-Executive Directors to be independent.

Chairman of the Board and Chief Executive Officer

Mr. Chang Ei Eu is the Chairman of the Board and Chief Executive Officer of the Group.

Board Meetings

During the year ended 31st March, 2006, the Board met three times. The attendance of Directors at the Board meeting is summarized as below:

Directors	No. of Meetings Attended/Held
Executive Directors	
Mr. Chang Ei Eu (<i>Chairman</i>)	3/3
Ms. Hsieh Ming Chiu	3/3
Mr. Chow Kin Ming	3/3
Independent Non-Executive Directors	
Mr. Lee Kin Keung	3/3
Dr. Lam Chun Kong	3/3
Madam Tung Pui Man	3/3

Directors' Securities Transactions

The Company has adopted the Model Code ("Model Code") for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31st March, 2006.

根據委任書，本公司各獨立非執行董事的任期由二零零六年六月十日起為期三年，惟其中一方可隨時向另一方發出最少一個月書面通知終止任期。

本公司已收到各獨立非執行董事根據上市規則第3.13條就其獨立性發出之週年確認書，本公司認為三名獨立非執行董事皆為獨立人士。

董事局主席及行政總裁

張翼宇先生為本集團之董事局主席及行政總裁。

董事局會議

董事局於截至二零零六年三月三十一日止年度舉行三次會議。各董事於董事局會議之出席率概括如下：

董事	出席／舉行之會議次數
執行董事	
張翼宇先生 (主席)	3/3
謝明秋女士	3/3
周堅銘先生	3/3
獨立非執行董事	
李健強先生	3/3
林振綱博士	3/3
董佩雯女士	3/3

董事之證券交易

本公司已採納上市規則附錄10所載之上市發行人董事進行證券交易的標準守則（「標準守則」）。對全體董事作出特定查詢後，全體董事確認彼等於截至二零零六年三月三十一日止年度已遵守標準守則所規定之準則。

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Directors' Responsibilities for the Accounts

The Directors acknowledge their responsibility for preparing the accounts of the Group and ensuring that the preparation of the accounts of the Group are in accordance with the statutory requirements and the applicable accounting standards. The Directors shall comply with the Listing Rules for the publication of the Group's accounts.

In preparing the financial statements for the six months ended 30th September, 2005 and for the year ended 31st March, 2006, the Directors have adopted appropriate accounting policies and applied them consistently. The financial statements for the reporting year have been prepared on a going concern basis.

The Board has, through the Audit Committee, conducted annual review of the effectiveness of the internal control system of the Group covering the financial, operational, procedural compliance and risk management functions. The internal control system is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievements of the Group's objectives.

The statement of the auditors of the Company about their reporting responsibilities on the accounts of the Group is set out in the Auditors' Report on pages 27 to 28 of this Annual Report.

Board Committee

The Board has appointed the following Board committees to oversee particular aspects of the Company's affairs:

Audit Committee

The Audit Committee comprises three Independent Non-Executive Directors of the Company and was formed in September 2004. One of these Directors, Mr. Lee King Keung, has the appropriate professional accounting qualification and is the Chairman of the Audit Committee.

The principal duties of the Audit Committee include reviewing the Group's current financial standing, considering the nature and scope of audit reports, and ensuring internal control systems operating in accordance with applicable standards and conventions. The Company has adopted written terms of reference for the Audit Committee, which clearly defined the role, authority and function of the Audit Committee.

董事就賬目所承擔之責任

董事確認就編製本集團賬目承擔有關責任，並確保本集團賬目之編製符合有關法例規定及適用之會計準則。董事須遵守有關刊發本集團賬目之上市規則規定。

於編製截至二零零五年九月三十日止六個月及截至二零零六年三月三十一日止年度之財務報表時，董事已採納並貫徹採用合適之會計政策。呈報年度之財務報表乃以持續經營基準編製。

董事局已通過審核委員會對本集團之內部監控制度（涵蓋財務、營運、程序遵從及風險管理職能）之成效進行年度檢討。內部監控制度為合理（但非絕對）確保無重大錯誤陳述或遺漏而設，旨在管理（而非杜絕）本集團營運制度之關失及未能達成目標之風險。

本公司核數師就本集團賬目所作之申報責任聲明列載於本年報第27至第28頁之核數師報告書內。

董事局轄下之委員會

董事局已委任以下董事會轄下之委員會負責本公司若干特定事務：

審核委員會

審核委員會於二零零四年九月成立，由本公司三名獨立非執行董事組成。其中一名董事李健強先生具備合適之專業會計資格，彼為審核委員會主席。

審核委員會主要負責檢討本集團目前之財務狀況、考慮審核報告之性質及範圍，以及確保內部監控制度依照適用之標準及慣例運作。本公司已為審核委員會制訂書面職權範圍，其中清楚訂明其角色、權力及職能。

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In fulfilling its responsibilities, the work of the Audit Committee during the year ended 31st March, 2006 includes the following:

- a review of the draft annual report for the year ended 31st March, 2005 and interim accounts for the six months ended 30th September, 2005 of the Group, focusing on main areas of judgment, consistency of and changes in accounting policies;
- a review of the results of external audit, and discussion with the external auditors on any significant findings on internal controls and audit issues; and
- a review the external auditors' statutory audit plan and scope.

The Audit Committee met three times during the year ended 31st March, 2006. The attendance of each Audit Committee member is set out below:

Directors	No. of Meetings Attended/Held
Mr. Lee Kin Keung (Chairman of the Audit Committee)	3/3
Dr. Lam Chun Kong	3/3
Madam Tung Pui Man	3/3

Remuneration Committee

The Company established a Remuneration Committee in September 2005. The Remuneration Committee comprises Mr. Lee Kin Keung (Chairman of the Remuneration Committee), Dr. Lam Chun Kong and Mr. Chow Kin Ming. There is no meeting held for the year ended 31st March, 2006.

The principal duties of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the special remuneration packages of all Executive Directors by reference to corporate goals and objectives resolved by the Board from time to time. The Company has adopted written terms of reference for the Remuneration Committee, which clearly defined the role, authority and function of the Remuneration Committee.

為履行職責，審核委員會於截至二零零六年三月三十一日止年度之工作包括：

- 審閱本集團截至二零零五年三月三十一日止年度年報及截至二零零五年九月三十日止六個月中期報告之草擬本，特別留意需作判斷的主要範疇、會計政策是否貫徹一致及有否更改；
- 審閱外部審核結果，並與外聘核數師討論有關內部監控之任何重大發現及審核事項；及
- 檢討外聘核數師之法定審核計劃及範圍。

審核委員會於截至二零零六年三月三十一日止年度舉行三次會議。各審核委員會成員之出席率載列如下：

董事	出席／舉行之會議次數
李健強先生 (審核委員會主席)	3/3
林振綱博士	3/3
董佩雯女士	3/3

薪酬委員會

本公司於二零零五年九月成立薪酬委員會。薪酬委員會由李健強先生(薪酬委員會主席)、林振綱博士及周堅銘先生組成。薪酬委員會於截至二零零六年三月三十一日止年度並無舉行會議。

薪酬委員會之主要職責包括就本公司為全體董事及高級管理層而設之薪酬政策及架構向董事局提出建議，參考董事局不時釐定之企業計劃及目標而審議各執行董事之特別薪津組合。本公司已為薪酬委員會制訂書面職權範圍，其中清楚訂明其角色、權力及職能。

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Auditors' Remuneration

For the financial year ended 31st March, 2006, fees payable to the external auditors of the Group, Deloitte Touche Tohmatsu, for statutory audit services and non-audit services amounted to approximately HK\$775,000 and HK\$30,000 respectively.

Code on Corporate Governance Practices

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31st March, 2006, with deviation from code provisions A.1.1 and A.2.1 of the Code as summarized below.

Pursuant to code provision A.1.1 of the Code, the Board should meet regularly and board meetings should be held at least four times a year. The Board met three times during the year ended 31st March, 2006. Since the shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 10th June, 2005, it is considered that the Directors are well acknowledged to the business and the operation of the Group by the participation in the initial public offer campaign.

Pursuant to code provision A.2.1 of the Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Chang Ei Eu currently holds both positions. The Directors believes that it is in the interest of the Company for Mr. Chang Ei Eu holding both positions as such arrangement provides the Group with strong and considerate leadership in the development and execution of long-term business strategies.

核數師酬金

於截至二零零六年三月三十一日止財政年度，就法定審核服務及非審核服務而應向本集團外聘核數師德勤•關黃陳方會計師行支付之費用分別約為775,000港元及30,000港元。

企業管治常規守則

本公司於截至二零零六年三月三十一日止年度內一直遵守上市規則附錄14所載之企業管治常規守則（「守則」）的守則條文，而偏離守則條文A.1.1及A.2.1之情況概括如下。

根據守則之守則條文A.1.1，董事局應定期舉行會議而每年須舉行最少四次董事局會議。董事局於截至二零零六年三月三十一日止年度舉行三次會議。鑑於本公司股份於二零零五年六月十日在香港聯合交易所有限公司主板上市，相信通過參與首次公開發售之工作，董事已熟悉本集團之業務及運作。

根據守則之守則條文A.2.1，主席及行政總裁之角色須分開，不得由同一位人士擔任。本公司並無將主席及行政總裁之職位分開，該兩個職位現時由張翼宇先生擔任。董事相信，由張翼宇先生同時出任此兩個職位符合本公司之利益，蓋此舉可為本集團提供實力雄厚及調和之領導層，有助本集團發展及執行長期業務策略。