

The board of Directors of the Company (the "Board") has a pleasure to present the Corporate Governance Report for the year ended 30th June, 2006.

The Company is committed to good corporate governance principles and practice that is essential to safeguard the interests of its shareholders and uphold accountability, transparency and responsibility of the Company.

The Company has complied with the code ("Code Provision") in the Code on Corporate Governance Practices ("CG Code") set out in Appendix 14 and 23 of the rules ("Listing Rules") governing the listing of securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") throughout the year. After specific enquiries to each of Directors, the Directors confirmed that they have complied with the standards set out in Appendix 10 to the Listing Rules.

The Company regularly reviews its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

THE BOARD

(i) Board Composition

Executive Directors

1. Mr Hung Kin Sang, Raymond
(Managing Director and father of Mr Hung Kai Mau, Marcus)
2. Madam Hung Wong Kar Gee, Mimi
(Chairman and mother of Mr Hung Kai Mau, Marcus)
3. Mr Fang Chin Ping
4. Mr Hung Kai Mau, Marcus
(son of Mr Hung Kin Sang, Raymond and Madam Hung Wong Kar Gee, Mimi)

Independent Non-Executive Directors

1. Mr Lo Yun Tai
2. Mr Lun Tsan Kau
3. Mr Soo Hung Leung, Lincoln J.P.
4. Mr Lam Ka Wai, Graham

公司董事會(「董事會」)，欣然提呈截至二零零六年六月三十日止年度之企業管治報告書。

就對保障股東利益、保持公司之問責性、透明度及提升表現之關鍵為本公司所致力於維持高度企業管治水平及其實踐。

本公司已採納香港聯合交易所有限公司(「交易所」)之證券上市規則(「上市規則」)附錄十四及二十三所載之企業管治常規守則(「管治守則」)之所有守則條文(「守則條文」)。根據每位董事的諮詢後，其均遵守就上市規則附錄十所載要求。

本公司對其企業管治實踐作出監察以達合符管治守則所要求。

董事會

(i) 組成

執行董事

1. 洪建生先生
(董事總經理及洪繼懋先生之父親)
2. 洪王家琪女士
(主席及洪繼懋先生之母親)
3. 方進平先生
4. 洪繼懋先生
(洪建生先生及洪王家琪女士之兒子)

獨立非執行董事

1. 盧潤帶先生
2. 倫贊球先生
3. 蘇洪亮先生，非官守太平紳士
4. 林家威先生

Save as above, there is no relationship (including financial, business, family or other material/relevant relationship(s)), among members of the board and in particular, between the Chairman and the Chief Executive Officer.

(ii) Responsibility

The business and affairs of the Company and its subsidiaries ("Group") shall be under the direction of and vested with the Board pursuant to the by-laws of the Company (the "Bye-laws"). The Board is elected by the shareholders which is the ultimate decision-making body of the Group except in respect of matters reserved for shareholders. The Board accepts that it is ultimately accountable and responsible for the performance and affairs of the Group. The Board retains oversight responsibility for all major matters of the Group which include approving and monitoring of all policy matters managing, overall strategies and budgets, internal control and risk management systems, entering into material transactions (especially any transactions of conflict of interest and etc.), providing financial information, appointing directors of the Company and other significant financial and operational matters. Certain of that authority is delegated by the Board to the management in order to enable the management to develop and implement the Group's strategic plannings and operations, and to conduct the Group's day-to-day activities. The Board diligently monitors the management's performance in that regard but responsibility for conducting the Group's daily operations rests with the management.

The role of the Group's Chairman is separated from that of the Group Managing Director with their respective responsibilities endorsed by the Board in writing. The Group Managing Director is responsible for day-to-day management of the business of the Group. The Chairman provides leadership for the Board to ensure that the Board acts diligently and in the best interest of the Group and that at meetings are planned and conducted effectively. The Chairman is also responsible for approving the

除以上披露外，各董事成員之間（包括財務上、商業上、家庭上及其他重要關係）概無關係（尤其是主席和董事總經理）。

(ii) 職責

本公司及其附屬公司（「本集團」）之業務及事務乃根據本公司組織章程細則（「章程細則」）由董事會領導及授權。董事會乃由股東選出，為本集團最終決策單位，惟須由股東處理之事宜則除外。董事會須就本集團之表現及事務最終問責及負責。儘管董事會保留監察責任，儘管董事會負責本公司之所有重大事宜，包括批准及監管所有政策事務、整體策略及預算、內部監控及風險管理系統、重大交易（尤其是可能涉及利益衝突之該等交易）、財務資料提供、本公司委任董事及其他重大財務及經營上之事宜，其若干權力仍須下放予管理層，使管理層可以發展和推行本公司的策略性計劃和年度營運方案與及進行本公司日常之活動。董事會盡心監察管理層之表現，惟本公司日常運作則留待管理層處理。

本集團主席角色獨立於董事總經理，其各自之職責由董事會書面批准。董事總經理肩負本集團日常營運管理的職責。主席負責領導董事會，確保董事會履行其職責，並以本集團最佳利益行為及董事會議的有效策劃及進行。主席亦根據本公司董事建議事項

agenda for each Board meeting, taking into account, where appropriate, matters proposed by the directors of the Company ("Directors"). The Chairman also actively encourages the Directors to make full contributions and active participations to the Board's affairs.

The Board appointed two Board Committees, namely Audit Committee and Remuneration Committee to oversee particular aspects of the Group's affairs. The Company reviews the said delegation arrangements on a periodic basis to ensure that they remain appropriate to its needs. The Board and the Board committees work under the well-established corporate governance practices in accordance with the requirements of the Listing Rules and other relevant statutory requirements.

Each director of the Company is provided upon reasonable request made to the Board with means, at the Company's expenses, to seek independent professional advice in furtherance of his/her duties if necessary. The Independent Non-executive Directors are high caliber executives or professionals with relevant industry experiences and serve the essential functions in providing their skills and expertise to the Board.

The Board regularly, reviews its composition and structure to ensure its expertise and independence are attained and maintained.

(iii) Appointment and Succession Planning of the Directors

The Company follows a formal, considered and transparent procedure for the appointment and removal of Directors. All newly appointed directors who are filling casual vacancy are subject to election at the first general meeting after their appointments by the Board. All Directors, including the Independent Non-executive Directors are subject to retirement by rotation at least once every three years and may be re-elected.

負責批准董事局會議議程。主席亦鼓勵董事全力及積極參與董事會事務。

董事會已委任兩個董事委員會，分別為審核委員會及薪酬委員會，以監察集團事務的各特定範疇。本公司會定期檢討上述委派權力之安排，以確保其切合所需。董事會及董事委員會按照良好的企業管治常規及其職權範圍運作，此等常規及職權範圍乃根據上市規則及其他有關法定要求規定，旨在加強本公司董事之責承。

本公司每位董事，倘有需要，可向董事會申請，尋求獨立專業意見，以覆行其職責，費用由本公司支付。獨立非執行董事均為高才幹行政人員或專業人士，擁有相關專業經驗，及提供重要的技術及經驗予董事會。

董事會會定期檢討其本身架構及組成，確保其專業知識及獨立性能夠維持及達到。

(iii) 本公司董事之委任及繼任計劃

本公司制定了一套正式，經深思熟慮及透明之程序提名及罷免本公司董事。所有獲委任填補臨時空缺之任何新董事，均應於委任後在首次股東週年大會上膺選連任。全部董事包括非執行董事均須輪流退任，至少每三年一次。

(iv) Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors of the Company (the "Securities Code") on terms no less exacting than the required stand set out in Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Pursuant to the Securities Code, the Directors shall notify the Chairman or his/her alternates and then have to receive a dated written acknowledgement before any securities transactions of the Company dealt with the Directors. All Directors have confirmed that they have complied with the required standard set out in the Securities Code throughout the year.

(iv) 證券交易

本公司已採納一套標準不遜於上市規則附錄十中的上市公司董事進行證券交易的標準守則（「標準守則」），作為本公司董事進行證券交易之操守守則（「證券守則」）。根據證券守則，本公司董事於任何本公司證券交易前，通知主席或其代理人及收到其確認書。所有本公司董事確認彼等於整個本年度內均一直遵守證券守則所載之規定標準。

(v) The attendance of the Directors at the regular meeting during the reporting period

(v) 在報告期間，董事會出席常規會議

Name	姓名	No. of meetings attended/held 出席會議 次數／總數
Mr Hung Kin Sang, Raymond	洪建生先生	4/6
Madam Hung Wong Kar Gee, Mimi	洪王家琪女士	5/6
Mr Fang Chin Ping	方進平先生	6/6
Mr Hung Kai Mau, Marcus	洪繼懋先生	5/6
Mr Soo Hung Leung, Lincoln J.P.	蘇洪亮先生， 非官守太平紳士	4/6
Mr Lun Tsan Kau	倫贊球先生	4/6
Mr Lo Yun Tai	盧潤帶先生	4/6
Mr Lam Ka Wai, Graham	林家威先生	3/6

REMUNERATION COMMITTEE

The Remuneration Committee was established on 20th April, 2005 and includes a majority of Independent Non-executive Directors. The Remuneration Committee comprises of two Independent Non-executive Directors, namely Mr Lo Yun Tai (Chairman of the Remuneration Committee), Mr Soo Hung Leung, Lincoln J.P. and one Executive Director, Mr Hung Kin Sang, Raymond. The Remuneration Committee has a responsibility to make recommendations to the Board regarding the Company's policy and structure in relation to the remuneration of Directors and senior management of the Company. The Committee also reviews the assessment criteria and remuneration policies and terms of employments of all Executives and Non-executive Directors and senior management of the Company with reference to corporate goals and objectives resolved by the Board from time to time.

The attendance record at the meetings during the reporting period for each of the committee member is as follows:

Name	姓名	No. of meetings attended/held 出席會議 次數／總數
Mr Lo Yun Tai	盧潤帶先生	3/3
Mr Soo Hung Leung, Lincoln J.P.	蘇洪亮先生， 非官守太平紳士	3/3
Mr Hung Kin Sang, Raymond	洪建生先生	2/3

AUDIT COMMITTEE

The Audit Committee comprises of Independent Non-executive Directors, namely, Mr Soo Hung Leung, Lincoln J.P. (Chairman of the Audit Committee), Mr Lun Tsan Kau, Mr Lo Yun Tai and Mr Lam Ka Wai, Graham. All of them have relevant professional qualifications, accounting or related financial management expertise. The Audit Committee has a responsibility to review/and assess with the senior management and the Company's external auditors the internal control system and external auditing process and findings, the accounting principles and practices adopted by the Group, Listing rules and statutory compliance, and to discuss matters relating to auditing, internal control, risk management and financial reporting (including the interim financial report for the six months ended of each financial years).

薪酬委員會

於二零零五年四月二十日，本公司設立薪酬委員會，成員大多數為獨立非執行董事。薪酬委員會成員包括有兩名獨立非執行董事即盧潤帶先生(薪酬委員會主席)、蘇洪亮先生，非官守太平紳士，和一名執行董事洪建生先生。薪酬委員會負責向董事會建議本公司董事及高級管理人員之薪酬政策及架構，以及參考董事會完成之使命及目標檢討所有本公司董事及高級管理層之特定薪酬組合。

在報告期間，每名成員之出席會議記錄列示如下：

審核委員會

審核委員會成員全為獨立非執行董事，包括蘇洪亮先生，非官守太平紳士(審核委員會主席)、倫贊球先生、盧潤帶先生及林家威先生。他們均具備專業資格和會計及相關財務管理專長的要求。審核委員會(與高級管理層及外聘核數師)之責任包括監察本集團內外部之核計結果、會計準則及制度之採用，上市條例及法例之遵守，及討論有關核計、內部監控、風險評估及財務報表的事項(其中包括每六個月之財政年度而在董事會通過之前提呈中期財務報表)。

The attendance record at the meetings during the reporting period for each of the committee member is as follows:

在報告期間，每名成員之出席會議記錄列示如下：

Name	姓名	No. of meetings attended/held 出席會議 次數／總數
Mr Soo Hung Leung, Lincoln J.P.	蘇洪亮先生， 非官守太平紳士	2/2
Mr Lun Tsan Kau	倫贊球先生	2/2
Mr Lo Yun Tai	盧潤帶先生	2/2
Mr Lam Ka Wai, Graham	林家威先生	2/2

Audit Committee has its main duty to make proposals and recommendation to the Board on the appointment and removal of external auditors and their terms of engagement and termination as well as to monitor the external auditor's independence and effectiveness and recommended appropriate actions as required. During the reporting year the total remuneration paid to the external auditor was as follows:

審核委員會其主要責任是提出意見予董事會有關聘請及辭退外聘核數師及其聘請條件，同時亦對其獨立性，效率性及其提出之合適行為要求作出監察。在本年度內，其核數費用的總額為：

Services rendered	服務	Fee paid/payable 金額已付／應付 HK\$ 港幣
Audit Services	核數	1,194,000
Non-audit Services	非核數	182,000

INTERNAL CONTROL AND RISK MANAGEMENT

內部監控及風險管理

As the Board believes that a well-designed system of internal control is crucial to safeguard the assets of the Group and to ensure the reliability of financial reporting as well as compliance with the relevant rules and regulation, a system of internal control which is expected to prevent, but not absolute assurance, against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives was set up.

董事會明白設計完善之內部監控制度對保障本公司財產，確保財產報告可靠性以及遵守法例及規則甚為重要，所以本公司致力設立並維持一個良好的內部監控系統，以提供合理，惟非絕對之保證，以防出現嚴重誤報或損失的情況，並管理，而非杜絕運作系統及達致集團目標出現失誤之風險。

The Board also acknowledges that it has overall responsibility for the Group's internal control, financial control and risk management system and shall monitor their effectiveness from time to time as well as the scopes and frequencies of audit reviews according to risk assessment. Special reviews may also be performed on areas of concern identified by management or the audit committee from time to time as there are no establishment of internal audit functions.

During the reporting year, the Directors had arranged to conduct a review over the effectiveness of the internal control system of the Group including functions of financial, operation, compliance and risk management. The review showed a satisfactory control system. The review had been reported to the Audit Committee. The Directors had also, where necessary, initiated necessary improvement and reinforcement to the internal control system.

SHAREHOLDERS RIGHTS AND INVESTOR RELATIONS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meeting are contained in the Company's Bye-laws. Procedure for voting by poll has been included in the circulars issued by the Company accompanying the relevant notices convening such general meetings which will be read out by the Chairman at the general meeting. The Company has taken steps to ensure compliance with the requirements about voting by poll and arrangements have been made for the voting of each of the resolutions being put to the meetings to be dealt with means of poll vote. At general meeting the Board and the members of Audit Committee and Remuneration Committee have their responsibilities to answer questions raise by the shareholders.

In order to provide detailed and updated information to our shareholders, the Company has a range of communication channels to ensure its shareholders are kept well-informed. These comprise of annual general meeting, annual report, various notices, announcements and circulars.

董事會亦明白其對本公司內部監控、財務控制及風險管理制度之整體責任，並不時監察其效能，及根據風險管理對其範疇及頻次作審核監察。因沒有內部審核部，故特別監察會在管理層或審核委員會隨時就某些重要事務而提出進行。

在報告期間，董事們均對本集團的內部監控的有效性(其中包括其財務、營運、合符法律及風險管理等)已進行審察。這審察報告已給審察委員會，結果令人滿意。董事們也就其作出適當改善及加強執行內部監控系統。

股東權利及投資者關係

股東權利及於股東大會上要求就決議案投票表決之程序已載於本公司細則內。投票表決之程序詳情載於致股東之所有通函內，並將於會議舉行期間由主席闡釋。於股東週年大會上，本公司已根據法律及要求作出決議案安排，其中已個別由主席提出決議案。董事會主席以及審核及薪酬委員會各委員會之成員於股東大會上回應提問。

為向股東提供有關本公司之詳細及最新資料，本公司已採用多種通訊工具，以確保其股東充分獲悉主要業務之重要事項，其中包括股東週年大會、年報、多項通告、公告及通函。

The Company continues to enhance communications and positive relationships with the investors by maintaining regular dialogue with institutional investors and analysts to keep them up to date about the business and operation information and development of the Group, and replying any enquiries from investors appropriately. Investors are welcomed to enquiries to the Company at the office in Hong Kong.

PUBLIC FLOAT

As the Board's knowledge based on information publicly available to the Company, over 25% of the total issued share capital of the Company was held by the public as at the date of this report.

THE BOARD'S STATEMENT

The Company believes that a good corporate governance reflects a high quality of management and operations of the Group's operations and business. Good corporate governance can safeguard the proper use of funds and effective allocation of resources which in turn, protect the interest of the shareholders. The management recognise the importance of a good corporate governance practice and will use its best endeavour to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

本公司不斷致力提升本公司與投資者之聯繫及關係。本公司指派執行董事及高級管理層與機構投資者及分析師定期會談，以確保彼等了解本公司之發展及業務運行情況，本公司亦會及時處理投資者之查詢，為彼等提供所需資料。投資者如有查詢，可直接致函至本公司於香港之主要營業地點。

公眾人士持股量

就董事會根據本公司所得公開資料所知，於本報告簽發日期，公眾人士持有本公司全部已發行股本總數不少於25%。

總結

本公司深信，企業管治之質素及水準反映管理層質素及本集團之業務運作。良好企業管治能維護妥善運用資金及有效分配資源，並保障股東權益。管理層致力提倡良好企業管治及將嘗試盡最大努力維繫、鞏固及完善本集團企業管治之水準及質素。