



Corporate Governance

The Directors and the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board of directors, sound internal controls, transparency and accountability to all shareholders. The Company applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (“Code on CG Practices”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2006.

(I) Board Composition and Board Practices

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value. The Board consists of a total of six Directors, comprising two Executive Directors and four Independent Non-executive Directors. More than one Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years in accordance with the Company’s Bye-laws and the Code on CG Practices.

The positions of the Chairman of the Board (“Chairman”) (being Mr. TANG Ching Ho) and the Group Managing Director (being Mr. CHAN Chun Hong, Thomas) are held by separate individuals with a view to maintaining an effective segregation of duties in relation to overall management and strategy, on the one hand, and the day-to-day management of the Group’s business, on the other.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. The Company Secretary is also directly responsible for the Group’s compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Repurchases, Companies Ordinance, SFO and other applicable laws, rules and regulations.



(II) Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Enquiry was made with all Directors and the Directors have confirmed compliance with the required standards set out in the Model Code during the six months ended 30 September 2006.

(III) Audit Committee

The Company has formulated its written terms of reference for the Audit Committee in accordance with the provisions set out in the Code on CG Practices. The existing Audit Committee comprises four Independent Non-executive Directors, namely, Mr. YUEN Chi Choi (Chairman of the Audit Committee), Mr. LEUNG Wai Ho, Mr. SIU Man HO, Simon and Mr. CHO Wing Mou. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors of the Company.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 September 2006.

(IV) Remuneration Committee

In compliance with the Code on CG Practices, the Company established its remuneration committee ("Remuneration Committee") in September 2005 with a majority of the members thereof being Independent Non-executive Directors. The existing Remuneration Committee comprises four Independent Non-executive Directors, Mr. SIU Man Ho, Simon (Chairman of the Remuneration Committee), Mr. LEUNG Wai Ho, Mr. YUEN Chi Choi and Mr. CHO Wing Mou, and two Executive Directors, Mr. TANG Ching Ho (Chairman of the Company) and Mr. CHAN Chun Hong, Thomas.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management, and reviewing the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.