

The Company recognizes that good corporate governance is vital to the success of the Group and the sustained development of the Group. The Company aims at complying with, where appropriate, all code provisions set out in Appendix 14 Code on Corporate Governance Practices (the “CG Code”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The Company’s corporate governance practices are based on the principles and the code provisions (“Code Provisions”) as set out in the CG Code of the Listing Rules. The Company has, throughout the year ended 31 March, 2006 and up to the date of publication of the annual report, applied and complied with most of the Code Provisions save certain deviations from the Code Provisions in respect of code provisions A4.1, A.4.2, B.1.1 and E.1.2 details of which are explained below.

## 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. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year under review and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

## BOARD OF DIRECTORS

The Board comprises of five Executive Directors, being Mr. Cheung Lun (Chairman), Mr. Cheung Shu Wan (Managing Director), Ms. Cheung Lai Chun, Maggie, Ms. Cheung Lai See, Sophie and Mr. Cheung Pui; three Independent Non-executive Directors, being Dr. Chan How Chun, Mr. Lai Ah Ming, Leon and Professor Lo Chung Mau. Biographical details, which include relationships among members of the Board, are provided in the “Directors and Senior Management” section of the annual report.

本公司深明良好企業管治對本集團之成功及持續發展十分重要。本公司致力遵守（在適當情況下）香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14「企業管治常規守則」（「企管守則」）中所有守則條文（「守則條文」）。

本公司之企業管治方案乃根據上市規則附錄14之企管守則所載附的原則和守則條文而釐訂。除守則條文A.4.1、A.4.2、B.1.1及E.1.2本公司有若干偏離守則條文行為外（將於下文詳述），本公司於截至二零零六年三月三十一日止年度，以及截至編製此年報日止，已遵守大部份守則條文。

## 董事進行證券交易

本公司已採納上市規則附錄十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」）。本公司已特地就董事於回顧年內有否任何未有遵守標準守則之行為作出查詢，全體董事均確認彼等已完全遵從標準守則所規定之標準。

## 董事會

本公司董事會成員包括五名執行董事，張倫先生（主席）、張樹穩先生（董事總經理）、張麗珍女士、張麗斯女士及張培先生，及三名獨立非執行董事，陳孝春博士、黎雅明先生及盧寵茂教授。履歷詳情（包括董事會成員間之關係）載於本年報「董事及高級管理人員」內。

**BOARD OF DIRECTORS (continued)**

There is a clear division of responsibilities between the Board and the management. The Board is responsible for providing high-level guidance and effective oversight of the management while day-to-day management of the Group is delegated to the management team of each respective subsidiary. Generally speaking, the Board is responsible for:

- Formulating the Group's long term strategy and monitoring the implementation thereof
- Approval of interim and year end dividend
- Reviewing and approving the annual and interim reports
- Ensuring good corporate governance and compliance
- Monitoring the performance of the management
- Reviewing and approving any material acquisition and assets disposal

The Board authorises the management to carry out the strategies that have been approved.

The Board meets regularly at least four times a year and additional meetings or telephone conference are convened as and when the Board considers necessary. During the year, eight board meetings were held. Details of the Directors' attendance record in the year are as follows:

	Attendance/ No. of meeting
<b>Executive Directors</b>	
Mr. Cheung Lun	6/8
Mr. Cheung Shu Wan	7/8
Ms. Cheung Lai Chun, Maggie	6/8
Ms. Cheung Lai See, Sophie	6/8
Mr. Cheung Pui	4/8
<b>Independent Non-executive Directors</b>	
Dr. Chan How Chun	4/8
Mr. Lai Ah Ming, Leon	4/8
Professor Lo Chung Mau	4/8

**董事會 (續)**

董事會與管理層之間有清晰分工。董事會負責為管理層提供高層次之領導與有效之監察，而集團業務之日常管理則委派予各附屬公司之管理層負責。一般而言，董事會之職責包括：

- 制訂本集團長遠之策略及對策略執行作監控
- 通過中期及年末股息
- 諒討及通過中期及全年業績報告
- 確保良好企業管治及遵守有關守則
- 監控管理層的表现
- 檢討及批准任何重大之收購及資產出售

董事會已授權管理層執行已獲批准的政策。

董事會定期舉行會議，並一年最少舉行四次董事會議，在董事會認為有需要情況下會舉行額外的董事會議或電話會議。於年內，已舉行了八次董事會，下述為董事之出席記錄：

	出席／會議次數
<b>執行董事</b>	
張倫先生	6/8
張樹穩先生	7/8
張麗珍女士	6/8
張麗斯女士	6/8
張培先生	4/8
<b>獨立非執行董事</b>	
陳孝春博士	4/8
黎雅明先生	4/8
盧寵茂教授	4/8

BOARD OF DIRECTORS (continued)

The Board complied with the Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent Non-executive Directors and one of the Independent Non-executive Directors has appropriate professional qualifications or accounting or related finance management expertise. Each of the Independent Non-executive Director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board considered that the duties of the Managing Director ("MD") were no difference from that required of a chief executive officer stipulated under the code provision A.2 of the Code. The management would regard that the term MD will have the same meaning as the chief executive officer of the Company.

The Chairman of the Board is an Executive Director, who is responsible for the leadership and effective running of the Board, and ensuring that all significant and key issues are discussed and where required, resolved by the Board timely and constructively.

The MD of the Board is delegated with the authority and responsibility to run the Group's business and day-to-day operation, and implement the Group's strategy with respect to the achievement of its business objectives with the assistance of the Executive Directors and senior management.

董事會 (續)

董事會已遵守上市規則第3.10(1)及(2)條有關最少委任三位獨立非執行董事，及其中一位獨立非執行董事須具備適當之專業資格或會計或相關財務管理專長之規定。每位獨立非執行董事已根據上市規則第3.13條之規定，就其獨立性作出年度確認。本公司認為所有獨立非執行董事均符合上市規則第3.13條所載之獨立性指引，而根據指引之條款，彼等均具獨立性。

主席及行政總裁

董事會認為，董事總經理之職責與守則條文A.2內訂明要求行政總裁之職責並無差別，管理層視「董事總經理」一詞之涵義等同本公司行政總裁。

董事會主席為執行董事，彼負責領導董事會並確保其有效運作，以及確保董事會能及時積極地討論並在需要時解決所有重大及關鍵事項。

董事會董事總經理獲授予權限及責任管理本集團業務之營運及日常運作，並在執行董事和高級管理層協助下，執行本集團為達致其業務目標所訂之策略。

**APPOINTMENT AND RE-ELECTION OF DIRECTORS**

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Currently, none of the three independent non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from the GC Code. In accordance with the provisions of the Bye-laws of the Company, any director appointed by the Board during the year shall retire and submit themselves for re-election at the first general meeting immediately following his/her appointment. Further, at each annual general meeting, one-third of the directors for the time being, or if their number is not three or multiple of three, then the number nearest to but not exceeding one-third, shall retire from office. The directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those in the GC Code.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the next following annual general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Bye-laws of the Company, the Chairman and/or Managing Director is not subject to retirement by rotation or taken into account on determining the number of Directors to retire. This constitutes a deviation from the GC Code. As continuation is a key factor to the successful implementation of any long term business plans, the Board believes that, the present arrangement is most beneficial to the Company and the Shareholders as a whole.

**董事之委任及重選**

守則條文A.4.1規定非執行董事的委任應有指定任期，並需接受新選舉。

現時，三名獨立非執行董事並無指定任期，構成與企管守則有所偏差。根據本公司細則之條文，董事會年內獲委任之任何董事須於緊隨其獲委任後首次股東週年大會上輪值告退及膺選連任。此外，於每屆股東週年大會上，當時三分之一董事（或倘人數並非三或三之倍數時，則為最接近者，但不得多於三分之一的人數）應輪值告退。輪值告退之董事須為自上次獲委任以來任期最長之董事。因此，本公司認為已採取足夠措施，確認本公司之企業管治與守則內所載者相若。

守則條文A.4.2規定所有因填補臨時空缺而獲委任之董事應於獲委任後之首次股東大會接受股東選舉，每名董事（包括指定任期獲委任之董事）應輪值告退，至少每三年一次。

根據本公司之公司細則，本公司之主席及／或董事總經理均無須輪值告退，於釐定董事退任人數時亦無須計算在內，構成與企管守則有所偏差。由於持續性是成功執行任何長遠業務計劃的主要因素，董事會相信，現有的安排對於本公司以致股東的整體利益最為有利。

### REMUNERATION COMMITTEE

The Company has not set up a remuneration committee. The Board is responsible for reviewing the remuneration policy and packages of the directors and senior executives and made recommendations about their proposals to the Chairman which are determined by reference to the performance of the individuals, the Group, market practices and conditions with a view to retain and motivate executives to pursue the Group's operation. The Personnel Department is responsible for collecting human resources data and recommending proposal to the Board for consideration.

### NOMINATION OF DIRECTORS

Currently, the Company does not have a nomination committee. The Board will identify individuals suitably qualified to become board members when necessary. The Board will give due consideration to the suitability of a candidate for directorship after taking into account of his/her experience, qualification and other relevant factors. All candidates must also meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an Independent Non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

### COMMUNICATION WITH SHAREHOLDERS

The Company regards its Annual General Meeting as an opportunity for direct communication between the Board and its shareholders. All Directors and external auditors make an effort to attend the Annual General Meeting to address shareholders' queries. The Company also responds to requests for information and queries from the shareholders and investors and welcomes the views of shareholders on matter affecting the Group and encourages them to attend shareholders' meeting to communicate any concerns they might have with the Board.

### 薪酬委員會

本公司尚未成立薪酬委員會。董事會負責檢討薪酬政策及董事與高級行政人員之待遇，並向主席提交建議，按照個別員工之表現、本集團之業績、市場慣例及市況釐定，務求挽留及獎勵傑出員工繼續為本集團效力。人事部負責蒐集人力資源訊息，並提交建議供董事會考慮。

### 董事之提名

現時，本公司並無提名委員會，而董事會將於有需要時物色合適之合資格人士成為董事會之成員。董事會將謹慎考慮候選人之經驗、資格及其他相關因素以決定其是否適合擔任董事職務。所有候選人亦必須符合上市規則第3.08及3.09條所載之標準。將獲委任為獨立非執行董事之候選人亦須符合上市規則第3.13條所載之準則。

### 與股東之溝通

公司視股東週年大會為重要事項，因其提供董事會與股東直接溝通之機會。全體董事及外聘核數師均盡力出席股東週年大會，以回應股東提問。公司亦回應股東與投資者索取資料之要求和提問，歡迎股東對影響集團之事宜提意見，亦鼓勵股東出席股東大會，讓股東直接向董事會表達所關注之事宜。

COMMUNICATION WITH SHAREHOLDERS (continued)

The Chairman of the Board had not attended the annual general meeting of the Company held on 2 September, 2005. The Chairman will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so.

AUDITORS' REMUNERATION

During the year under review, the remuneration payable to the Company's auditors, Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	Fees payable HK\$'000
Audit services	1,548
Non-audit services	
Review of interim results	220
Taxation services	239
Audit of occupational retirement scheme	23

AUDIT COMMITTEE

The Audit Committee was established in 1999 and comprises three Board members, all of whom are Independent Non-executive Directors. The Audit Committee has adopted the same term of reference, which describes the authority and duties of the Committee, as quoted under code provision C.3.3 of the GC Code.

The Audit Committee will meet at least twice each year. During the year, the Audit Committee met twice considering the annual results of the Group for the financial year ended 31 March, 2005 and the interim results of the Group for the 6 months ended 30 September, 2005, assessing any changes in accounting policies and practices, major judgmental areas and compliance with applicable legal and accounting requirements and standards, discussing with the auditors of the Company on internal control.

與股東之溝通 (續)

董事會主席並無出席本公司於二零零五年九月二日舉行之股東週年大會。除非有未能預料或特殊情況阻止主席出席本公司日後之股東週年大會，否則主席將盡力出席該等大會。

核數師酬金

於回顧年度，應支付本公司核數師德勤•關黃陳方會計師行之酬金如下：

提供服務	應付費用 千港元
核數服務	1,548
非核數服務	
審閱中期業績	220
稅務服務	239
職業退休計劃之審核	23

審核委員會

審核委員會已於1999年成立，成員包括三名董事會成員，全部均為獨立非執行董事。董事會已採納企管守則條文C.3.3有關審核委員會之職責與權力為委員會之職權範圍。

審核委員會將每年至少召開會議兩次。年內，審核委員會召開兩次會議，以考慮本集團截至2005年3月31日止財務年度之全年業績及截至2005年9月30日止6個月之中期業績、評估會計政策及慣例之任何變動、主要判斷範疇及是否遵守適用法律及會計規定及準則，以及與本公司次核數師就內部監控進行討論。

AUDIT COMMITTEE (continued)

Details of Committee members and their attendance records are listed as below:

Committee member		Attendance/ No. of meeting
Dr. Chan How Chun	(Independent Non-executive Director & chairman of the Audit Committee)	2/2
Mr. Lai Ah Ming Leon	(Independent Non-executive Director)	2/2
Professor Lo Chung Mau	(Independent Non-executive Director)	2/2

DIRECTOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENT

The Board acknowledges that it is their responsibility for (i) overseeing the preparation of the financial statements of the Group with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and (ii) selecting suitable accounting policies and applying the selected accounting policies consistently with the support of reasonable and prudent judgement and estimates.

A statement by the auditors about their reporting responsibilities is set out on page 33 to 34 of this Annual Report.

INTERNAL CONTROLS

A sound and effective internal control system is important to safeguard the shareholders' investment and the Company's assets. During the year, the Board reviewed the effectiveness of the internal control system of the Group. The review covers all material controls, including financial, operational and compliance controls and risk management functions of the Group.

審核委員會 (續)

下述為委員會成員及主席記錄：

委員會成員	出席／會議次數
陳孝春博士 (獨立非執行董事及審核委員會主席)	2/2
黎雅明先生 (獨立非執行董事)	2/2
盧寵茂教授 (獨立非執行董事)	2/2

董事對財務報表之責任

董事會確認彼等之責任為：(i)確保財務報表的編製必須真實反映本公司之財務狀況(ii)選取適合之會計政策，並且貫徹應用該等會計政策，以作出審慎、公平及合理之判斷及估計。

核數師就彼等之呈報責任所作聲明載於本年度報告第33至34頁內。

內部監控

穩健而有效之內部監控系統，對保護股東投資及本公司資產頗為重要。董事會於年內曾檢討本集團內部監控系統之有效性。檢討涵蓋一切重要監控方面，包括本集團之財務、營運與合規監控及風險管理職能。