

Corporate Governance Report

企業管治報告

The Company is committed to maintaining good corporate governance standard and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency.

CORPORATE GOVERNANCE PRACTICES

On 1st January, 2005, the Code of Best Practice was replaced by the Code of Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Company adopted all the code provisions in the Code as its own code on corporate governance practices. The Company has complied with the Code throughout the financial year ended 31st March, 2006, except for the following deviations:

- Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the existing independent non-executive directors of the Company is appointed for a specific term. However, in accordance with the Company’s Bye-Laws, at each annual general meeting, one-third of the directors shall retire from office by rotation and become eligible for re-election. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code.
- Under the first part of code provision E.1.2 of the Code, the Chairman of the board of directors of the Company (the “Board”) should attend the annual general meeting and arrange for the Chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the Chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting.

本公司致力維持良好企業管治準則及程序，以維護全體股東利益，提高問責性及透明度。

企業管治常規

於二零零五年一月一日，最佳應用守則由香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載之企業管治常規守則（「守則」）所取代。本公司已採納守則內之所有守則條文作為其本身之企業管治常規守則。本公司於截至二零零六年三月三十一日止財政年度內已遵守守則，惟有以下偏離：

- 根據守則第A.4.1條，非執行董事須按特定任期委任，且須重選。本公司現任獨立非執行董事概無根據特定任期委任。然而，根據本公司之公司細則，三分之一之董事須於每屆股東週年大會上輪值告退，並合資格重選。因此本公司認為，已採取足夠措施確保本公司之企業管治常規不會較守則寬鬆。
- 根據守則第E.1.2條的第一部份守則條文，本公司董事會（「董事會」）主席應出席股東週年大會，並安排審核委員會、薪酬委員會及提名委員會（視何者適用而定）的主席，或在該等委員會的主席缺席時由另一名委員（或如該名委員未能出席，則其適當委任的代表）在股東週年大會上回答提問。

The Chairman of the Board was not able to attend the annual general meeting of the Company held on 30th August, 2005 (the "Meeting") as he had another business engagement. The Managing Director of the Company, who took the chair of the Meeting, and other members of the Board together with majority of members of the audit committee attended the Meeting. The Company considers that the members of the Board and the audit committee who attended the Meeting were already of sufficient calibre and number for answering questions at the Meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the financial year ended 31st March, 2006.

THE BOARD

Composition

The Board currently comprises seven Directors including five executive directors and two independent non-executive directors. The independent non-executive directors possess appropriate academic and professional qualifications or related financial management expertise and have brought a wide range of business and financial experience and independent judgement to the Board. Mr. Andrew LAM Ping Cheung resigned as independent non-executive director on 21st June, 2006. After his resignation, the number of independent non-executive directors of the Company falls below the minimum number required under the Listing Rules. The Company shall appoint an independent non-executive director to meet the requirement of minimum number of independent non-executive directors within three months from 21st June, 2006.

The composition of the Board of the Company for the year ended 31st March, 2006 and up to the date of this report were:

Executive Directors:

Mr. David LAM Kwing Chan (*Chairman*)
Mr. Alvin LAM Kwing Wai (*Managing Director*)
Madam Rosita YUEN LAM Kit Woo
Mr. Laurent LAM Kwing Chee
Mr. TSANG Siu Hung

由於董事會主席另有要務在身，未能出席本公司於二零零五年八月三十日舉行的股東週年大會（「大會」），本公司董事總經理以大會主席身份，連同其他董事會成員及審核委員會的大多數委員一併出席大會。本公司認為出席大會的董事會成員及審核委員會的委員，已有足夠能力及人數回答大會上的提問。

董事的證券交易

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標準守則（「標準守則」），作為本公司董事進行證券交易之行為準則。經本公司特定查詢後，全體董事均確認他們於截至二零零六年三月三十一日止財政年度內已完全遵從標準守則所載之規定準則。

董事會

成員

董事會現時由七位董事組成，包括五位執行董事及兩位獨立非執行董事。獨立非執行董事具備適當學術及專業資格，或相關財務管理的專門知識，為董事會增添廣泛的工商業及財務經驗以及作出獨立判斷。林炳昌先生於二零零六年六月二十一日辭任獨立非執行董事。繼林先生之辭任，本公司的獨立非執行董事人數低於上市規則之要求。本公司將會於二零零六年六月二十一日起三個月內委任一位獨立非執行董事，以符合獨立非執行董事最低人數之要求。

於截至二零零六年三月三十一日止年度內及截至本報告日期在任之董事會成員如下：

執行董事：

林焯燦先生（主席）
林焯偉先生（董事總經理）
源林潔和女士
林焯熾先生
曾兆雄先生

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Non-executive Director:

Madam LAM TSANG Suk Yee (note 1)

Independent Non-executive Directors:

Mr. Andrew LAM Ping Cheung (note 2)

Mr. Leo CHAN Fai Yue

Mr. John WONG Yik Chung

Notes:

1. Madam LAM TSANG Suk Yee resigned as non-executive director on 23rd January, 2006.

2. Mr. Andrew LAM Ping Cheung resigned as independent non-executive director on 21st June, 2006.

The biographical details and relationships among members of the Board are set out on pages 26 to 27 of this annual report.

During the year ended 31st March, 2006, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from all its independent non-executive directors of their independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Function

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, and dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the Managing Director and the senior management.

非執行董事：

林曾淑儀女士(附註1)

獨立非執行董事：

林炳昌先生(附註2)

陳輝虞先生

黃翼忠先生

附註：

1. 林曾淑儀女士於二零零六年一月二十三日辭任非執行董事。

2. 林炳昌先生於二零零六年六月二十一日辭任獨立非執行董事。

董事會成員之履歷及成員之間的關係詳情載於本年報第26至27頁。

於截至二零零六年三月三十一日止年度內，董事會一直符合上市規則有關委任至少三名獨立非執行董事(至少一名須擁有適當的專業資格或會計或相關財務管理專業知識)的規定。

本公司已獲全部獨立非執行董事根據上市規則規定作出書面年度確認彼等的獨立性。本公司認為按照上市規則的獨立性指引全體獨立非執行董事均為獨立人士。

職能

董事會訂立本集團之整體策略和方向，及監管和評估本集團其營運與財務上之表現，並檢討本公司之企業管治水平。董事會亦須決定各項公司事宜，其中包括全年及中期業績、重大交易、董事聘任或續聘、股息分派及會計政策。董事會已授權董事總經理及高級管理層負責推行其商業策略及管理本集團之日常商業運作。

The Board held four regular Board meetings at approximately quarterly interval during the year ended 31st March, 2006. Additional board meetings were held when necessary. Due notice and board papers were given to all directors prior to the meeting in accordance with the Listing Rules and the Code. Details of individual attendance of directors are set out in the table below:

Name of Director	Number of Attendance
<i>Executive Directors:</i>	
Mr. David LAM Kwing Chan (<i>Chairman</i>)	3/4
Mr. Alvin LAM Kwing Wai (<i>Managing Director</i>)	4/4
Madam Rosita YUEN LAM Kit Woo	3/4
Mr. Laurent LAM Kwing Chee	3/4
Mr. TSANG Siu Hung	4/4
<i>Non-executive Director:</i>	
Madam LAM TSANG Suk Yee (<i>note 1</i>)	0/4
<i>Independent Non-executive Directors:</i>	
Mr. Andrew LAM Ping Cheung (<i>note 2</i>)	3/4
Mr. Leo CHAN Fai Yue	4/4
Mr. John WONG Yik Chung	4/4

Notes:

1. Madam LAM TSANG Suk Yee resigned as non-executive director on 23rd January, 2006.
2. Mr. Andrew LAM Ping Cheung resigned as independent non-executive director on 21st June, 2006.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Managing Director of the Company are Mr. David LAM Kwing Chan and Mr. Alvin LAM Kwing Wai respectively. The roles of the Chairman and the Managing Director are segregated and assumed by two separate individuals to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman of the Board is responsible for the leadership and effective running of the Board, while the Managing Director is delegated with the authorities to manage the business of the Group in all aspects effectively.

董事會於截至二零零六年三月三十一日止年度內舉行四次定期會議，約每季舉行一次。額外董事會會議已於需要時舉行。本公司已根據上市規則及守則於舉行會議前向全體董事發出正式通知及董事會文件。董事之個別出席率詳情載於下表：

董事名稱	出席次數
<i>執行董事：</i>	
林焯燦先生 (<i>主席</i>)	3/4
林焯偉先生 (<i>董事總經理</i>)	4/4
源林潔和女士	3/4
林焯熾先生	3/4
曾兆雄先生	4/4
<i>非執行董事：</i>	
林曾淑儀女士 (<i>附註 1</i>)	0/4
<i>獨立非執行董事：</i>	
林炳昌先生 (<i>附註 2</i>)	3/4
陳輝虞先生	4/4
黃翼忠先生	4/4

附註：

1. 林曾淑儀女士於二零零六年一月二十三日辭任非執行董事。
2. 林炳昌先生於二零零六年六月二十一日辭任獨立非執行董事。

主席及行政總裁

本公司主席及董事總經理分別由林焯燦先生及林焯偉先生出任。主席與董事總經理之角色分開及由兩位獨立人士擔任，以確保權力和職權均衡，不致工作責任僅集中於一位人士。董事會主席負責領導工作及確保董事會有效運作，而董事總經理則獲授權有效管理本集團之各方面業務。

NON-EXECUTIVE DIRECTORS

Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. None of the existing independent non-executive directors of the Company is appointed for a specific term, which constitutes a deviation from code provision A.4.1 of the Code. However, all of the independent non-executive directors are subject to retirement by rotation in accordance with the Company's Bye-Laws. As such, the Company considers that sufficient measures are in place to ensure that the corporate governance practices of the Company are no less exacting than those of the Code.

REMUNERATION OF DIRECTORS

The Company established the Remuneration Committee on 12th April, 2005 with specific written terms of reference in accordance with the requirement of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which deal clearly with its authority and duties. During the year ended 31st March, 2006, the members of the remuneration committee comprise four members, of which three are independent non-executive directors, Mr. Andrew LAM Ping Cheung, Mr. Leo CHAN Fai Yue and Mr. John WONG Yik Chung, and one is executive director, Mr. Alvin LAM Kwing Wai.

The principal duties of the Remuneration Committee include:

- to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management of the Group;
- to review and approve performance-based remuneration;
- to determine the specific remuneration packages of all executive directors and senior management and to make recommendation to the Board of the remuneration of non-executive directors;
- to review and approve the compensation payable to executive directors and senior management and the compensation arrangements relating to dismissal or removal of directors for misconduct; and
- to ensure that no director or any of his associates is involved in deciding his own remuneration.

非執行董事

根據守則條文第A.4.1條，非執行董事應委任指定年期，須予重選。本公司之現任獨立非執行董事並無指定委任年期，偏離守則第A.4.1條之規定。然而，所有獨立非執行董事均須按照本公司之公司細則輪值告退。因此，本公司認為已有足夠之措施確保本公司之企業管治常規不遜於守則條文。

董事薪酬

本公司於二零零五年四月十二日成立薪酬委員會，根據香港聯合交易所有限公司（「聯交所」）的規定，委員會具書面訂明的職權範圍，清楚說明其職權及責任。於截至二零零六年三月三十一日止年度內，薪酬委員會有四位成員，包括三位獨立非執行董事分別為林炳昌先生、陳輝虞先生及黃翼忠先生，一位執行董事為林焯偉先生。

薪酬委員會的主要職責包括：

- 就本公司於本集團董事及高級管理人員的全體薪酬政策及架構，向董事會提出建議；
- 檢討及審批表現花紅；
- 釐定全體執行董事及高級管理層的具體酬金組合，並就非執行董事的酬金向董事會提出建議；
- 檢討及審批應付予執行董事及高級管理人員的薪酬，以及董事因行為不當而被辭退及免職時的賠償安排；及
- 確保任何董事或其任何聯繫人士不得自行釐訂薪酬。

The Remuneration Committee held one meeting during the year ended 31st March, 2006 to discuss remuneration related matters. The individual attendance of each member was as follows:

Name of Director	Number of Attendance
Mr. Alvin LAM Kwing Wai (Chairman of the remuneration committee)	1/1
Mr. Andrew LAM Ping Cheung (note)	1/1
Mr. Leo CHAN Fai Yue	1/1
Mr. John WONG Yik Chung	1/1

Note: Mr. Andrew LAM Ping Cheung resigned as member of remuneration committee on 21st June, 2006.

During the year ended 31st March, 2006, the summary of work performed by the Remuneration Committee was as follows:

- assessed and approved the terms of reference of the Remuneration Committee;
- reviewed and updated the existing Director's fee; and
- reviewed the remuneration of executive directors and the independent non-executive directors.

NOMINATION OF DIRECTORS

The Company has not established a nomination committee. The Board is empowered under the Company's Bye-Laws to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Group's business.

AUDITORS' REMUNERATION

During the year ended 31st March, 2006, the total audit fee of the Group amounted to approximately HK\$282,000. Non-audit service fee for the year amounted to approximately HK\$55,000.

薪酬委員會於截至二零零六年三月三十一日止年度內已舉行一次會議，以討論有關薪酬的事宜。各成員的個別出席紀錄如下：

董事名稱	出席次數
林焯偉先生 (薪酬委員會主席)	1/1
林炳昌先生(附註)	1/1
陳輝虞先生	1/1
黃翼忠先生	1/1

附註：林炳昌先生於二零零六年六月二十一日辭任薪酬委員會成員。

截至二零零六年三月三十一日止年度內，薪酬委員會已完成之工作概要如下：

- 評估及批准薪酬委員會的規章；
- 審閱及更新現任董事袍金；及
- 審閱執行董事及獨立非執行董事的薪酬。

董事提名

本公司並無成立董事提名委員會。本公司之公司細則授權董事會委任任何人士為董事，以填補空缺或作為董事會新成員。合資格之人選將提呈予董事會考慮，而挑選之標準一般按照其專業資格及經驗之評估結果。董事會會視乎候選人之技術及經驗是否配合本集團之業務而挑選及推薦人選。

核數師薪酬

截至二零零六年三月三十一日止年度內，本集團之核數費用約為282,000港元。而本年度之非核數服務費用約為55,000港元。

AUDIT COMMITTEE

The Company established the Audit Committee on 10th August, 1999 with specific written terms of reference in accordance with the requirement of the Stock Exchange which deal clearly with its authority and duties. During the year ended 31st March, 2006, the members of the Audit Committee comprise three independent non-executive directors, Mr. Andrew LAM Ping Cheung, Mr. Leo CHAN Fai Yue and Mr. John WONG Yik Chung. Mr. Andrew LAM Ping Cheung resigned as audit committee member on 21st June, 2006. After his resignation, the number of audit committee members of the Company falls below the minimum number required under the Listing Rules. The Company shall appoint an audit committee member to meet the requirement of minimum number of audit committee members within three months from 21st June, 2006.

The Audit Committee's primary functions include:

- to recommend to the Board on the appointment, terms of engagement of the external auditors;
- to review and monitor the appropriateness of accounting policy, accounting practices, financial reporting and disclosure and the application of judgement and estimates related thereto;
- to review the Company's annual and interim reports and any opinion expressed by the external auditors;
- to review any related party transactions and connected party transactions for compliance with the requirements of the Listing Rules and for reasonableness and fairness to the Company and its shareholders;
- to review with the external auditors issues raised in the external auditors' management letter, queries or similar communications; and
- to monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.
- to review the Group's financial controls, internal control and risk management systems

審核委員會

本公司於一九九九年八月十日成立審核委員會，根據聯交所的規定，委員會具書面訂明的職權範圍，清楚說明其職權及責任。截至二零零六年三月三十一日止年度內，審核委員會成員包括三名獨立非執行董事分別為林炳昌先生、陳輝虞先生及黃翼忠先生。林炳昌先生於二零零六年六月二十一日辭任審核委員會成員。繼林先生之辭任，本公司的審核委員會成員人數低於上市規則之要求。本公司將會於二零零六年六月二十一日起三個月內委任一位審核委員會成員，以符合審核委員會成員最低人數之要求。

審核委員會之主要職責包括：

- 就委聘外聘核數師及外聘核數師之委聘條款向董事會提供建議；
- 檢討及監察會計政策、會計慣例、財務申報及披露以及有關判斷及估計之應用；
- 審閱本公司年度及中期報告以及外聘核數師所表達意見；
- 審閱有關連人士交易及關連交易有否遵守上市規則之規定以及對本公司及其股東公平合理與否；
- 與外聘核數師審閱外聘核數師管理函件、問題或類似通訊所提出事項；及
- 按照適用準則監察外聘核數師之獨立性以及審核程序之客觀性及效益。
- 審閱本集團之財務監控、內部監控及風險管理系統

The Audit Committee held two meetings during the year ended 31st March, 2006. The attendance of each member is set out as follows:

Name of Director	Number of Attendance
Mr. John WONG Yik Chung (Chairman of the audit committee)	2/2
Mr. Leo CHAN Fai Yue	2/2
Mr. Andrew LAM Ping Cheung (note)	2/2

Note: Mr. Andrew LAM Ping Cheung resigned as member of audit committee on 21st June, 2006.

During the year ended 31st March, 2006, the summary of work performed by the Audit Committee was as follows:

- review of the financial statement for the year ended 31st March, 2005 and for the six months ended 30th September, 2005;
- review and discussion of the audit findings with the auditors and review of the annual result announcement;
- review and consideration of various accounting issues and new standards and their financial impact; and
- consideration of the audit fee and audit work for the year.

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgement and estimates made are prudent and reasonable.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

審核委員會於截至二零零六年三月三十一日止年度內已舉行兩次會議。各成員的個別出席紀錄如下：

董事名稱	出席次數
黃翼忠先生 (審核委員會主席)	2/2
陳輝虞先生	2/2
林炳昌先生(附註)	2/2

附註：林炳昌先生於二零零六年六月二十一日辭任審核委員會成員。

截至二零零六年三月三十一日止年度內，審核委員會已完成之工作概要如下：

- 審閱截至二零零五年三月三十一日止年度及截至二零零五年九月三十日止六個月之財務報表；
- 與核數師共同審閱及討論審核結果及審閱年度業績公佈；
- 檢討及考慮各項會計事宜、新準則及其財務影響；及
- 考慮本年度之核數費用及核數工作。

董事對編製財務報表之責任

董事負責監察各財政期間賬目之編製工作，從而確保該等賬目可真實公正地反映本集團於該期間之狀況及業績及現金流量。本公司之賬目根據相關法定要求及適用會計準則編製。董事負責確保已選擇適當會計政策及一致地應用；所作出之判斷及估計均屬審慎及合理。

概無有關任何事項或條件之重大不確定因素可能導致本公司持續經營之能力產生重大懷疑。

Corporate Governance Report

企業管治報告

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Report of the Auditors on pages 42 to 43 of this annual report.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, so as to safeguard assets against unauthorized use or disposition, to ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislation and regulations.

COMMUNICATION WITH SHAREHOLDERS

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, interim report, various notices, announcements and circulars.

The annual general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. The Directors and external auditors are also available at the annual general meeting to address shareholders' queries.

To promote effective communication, the Company also maintains a website at www.grdil.com, where information and updates on the Company's business developments and operations, financial information and other information are posted.

Separate resolutions are proposed at general meetings on each substantial separate issue, including the election of individual directors.

Details of the poll voting procedures and rights of shareholders to demand a poll are included in the Company's circulars convening a general meeting. Whenever voting by way of a poll is required, the detailed procedures for conducting a poll will be explained at the meeting. The results on any voting conducted by poll will be published in newspapers on the business day following the shareholders' meeting and posted on the website of the Stock Exchange.

本公司外聘核數師就其對財務報表之申報責任之文件載於本年報第42至43頁之核數師報告。

內部監控

維持本集團一套穩健及有效之內部監控系統乃董事會之整體責任。本集團之內部監控系統包括清晰明確且具界定權力範圍之管理架構以助達致業務目標、保障資產以防未經授權使用或出售、確定賬目及記錄得以存置，以提供可靠之財務資料作內部使用或對外發放，以及確保符合相關法例及法規。

與股東的溝通

本公司採用多種通訊工具，以確保其股東充分獲悉主要業務之重要事項，包括股東週年大會、年報、中期報告、多項通告、公佈及通函。

本公司的股東週年大會為股東提供與董事會交換意見的有用平台。董事及外聘核數師均會出席股東週年大會回答股東的問題。

為推廣有效溝通，本公司亦設有 www.grdil.com 網站，該網站資料載有本公司業務發展及營運、財務資料及其他資料之最新資訊。

在股東大會上，已就每項實際獨立的事宜個別提出決議案，包括個別董事的提名。

本公司召開股東大會的通函內，已載列股東要求以投票方式表決的程序及權利。在要求以投票方式表決的情況下，以投票方式進行表決的詳細程序均會於股東大會內解釋。以投票方式進行表決的結果將於股東大會之後的一個工作天於報章刊登及於聯交所網站刊載。