

The Group is committed to promote the highest standards of corporate governance throughout the Group and particularly at Board level so as to enhance its transparency and accountability to the shareholders.

Code on Corporate Governance Practices

The Company has complied with the Code on 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”) throughout the year ended 31 March 2006, except for the following deviations:

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

All Directors of the Company (including executive and non-executive Directors) were not appointed for any specific term. However, all Directors (save for Chairman or Managing Director) are subject to retirement by rotation at each annual general meeting in accordance with the Company’s Bye-Laws and shall be eligible for re-election. The Board of Directors shall ensure all Directors (including the Chairman and Managing Director) shall be subject to retirement by rotation at least once every three years so as to accomplish the same purpose as a specific term of appointment.

- (2) The second part of Code Provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the Company’s Bye-Laws, at each annual general meeting one-third of the Directors for the time being or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office provided that notwithstanding anything herein, the Chairman of the Board and the Managing Director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. In view of good corporate governance practices, the Chairman of the Company voluntarily retires from his office once every three years notwithstanding that he is not required to do so by the Bye-Laws.

本集團致力在集團上下(特別是董事會)推行最高標準之企業管治,藉以提高本公司對股東之透明度及問責性。

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整個年度已遵守香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載之企業管治常規守則(「守則」),惟以下範疇有所偏離:

- (1) 守則條文第A.4.1條規定,非執行董事之委任應有指定任期,並須接受重新選舉。

本公司所有董事(包括執行及非執行董事)並無任何明確指定任期。然而,所有董事(除主席及董事總經理外)均須按本公司組織章程細則之規定於每屆股東週年大會上輪值告退及接受重新選舉。董事會會確保所有董事(包括主席及董事總經理)將至少每三年輪值告退一次,達致明確任期之相同目的。

- (2) 守則條文第A.4.2條第二部份規定,每名董事(包括有指定任期之董事)應輪值告退,至少每三年一次。

根據本公司組織章程細則,於每屆股東週年大會上,當時三分之一之董事(若董事數目並非三或三之倍數,則以最接近三分之一為準)須告退,儘管組織章程細則有此規定,董事會主席及董事總經理在職期間毋須輪值告退或在釐定每年退任董事的人數時計算在內。為實行良好之企業管治,儘管該細則豁免主席輪值告退,本公司主席將每三年自願輪值告退。

Code on Corporate Governance Practices (cont'd)

(3) Code Provision B.1.1 stipulates that the Company should establish a remuneration committee with specific written terms of reference and that a majority of the members of the remuneration committee should be independent non-executive directors.

The Company has not yet established a remuneration committee. The Directors shall establish a remuneration committee with specific written terms of reference in accordance with the requirements of this code provision.

The Company publishes quarterly financial results of the Group by way of announcement which exceed the code provisions set out in the Code. However the Company does not publish and distribute report for quarterly results of the Group.

The Board is of the view that publication of quarterly financial reports is a matter of "recommended best practices" in the Code which are for guidance only. Furthermore, as a matter of principle and practice, quarterly reporting does not bring significant benefits to shareholders, but at the cost of their own.

Model Code for Securities Transactions by Directors

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

Board of Directors

Composition

As at 31 March 2006, the Board comprised nine directors, including five executive directors, one non-executive director and three independent non-executive directors. The Board members have no financial, business, family or other material/relevant relationships with each other.

Biographical details of the directors are set out on pages 31 to 33 of this annual report.

企業管治常規守則(續)

(3) 守則條文第B.1.1條規定，本公司須設立備有明確書面職權範圍之薪酬委員會，而薪酬委員會大部份成員應為獨立非執行董事。

本公司尚未成立薪酬委員會。董事將依照該守則條文之規定，盡快成立備有明確書面職權範圍之薪酬委員會。

本公司以公告方式刊發本集團之季度財務業績，此舉乃守則條文之要求以外。然而，本公司不會刊登和分發本集團之季度業績報告。

董事會認為，刊發季度財務報告為守則內「建議最佳常規」，純屬指引性質。再者，在原則和實務層面而言，季度報告對股東並無重大裨益，惟股東需承擔當中成本。

董事進行證券交易的標準守則

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」）作為本公司董事進行證券交易之行為守則。經本公司向董事作出具體查詢後，全體董事均確認，彼等於截至二零零六年三月三十一日止整個年度內一直遵守標準守則所規定之標準。

董事會 組成

於二零零六年三月三十一日，董事會由九名董事組成，當中包括五名執行董事、一名非執行董事及三名獨立非執行董事。董事會成員彼此並無任何財務、業務、家族或其他重大／相關之關係。

各董事之履歷載於本年報第31頁至第33頁。

Board of Directors (cont'd)

Role and function

The Board is responsible for the formulation of the overall strategy and management of the Group such as the Group's long term objectives and commercial strategy, the approval of the Group's corporate and capital structure, financial reporting and controls, internal controls and risk management, material contracts, communication with the shareholders, board membership and other appointments, remuneration of directors and other senior management, delegation of authority to board committees and corporate governance matters.

The Board held four regular meetings during the year ended 31 March 2006 at approximately quarterly intervals where the Directors attended either in person or by other means of electronic communication. The attendance records of the Board meetings during the year ended 31 March 2006 are set out below:

董事會 (續)

角色及職能

董事會負責制定本集團之整體策略及管理，例如本集團之長遠目標及商業策略、批准本集團之企業及資本架構、財務申報及監控、內部監控及風險管理、重大合約、與股東的溝通、董事會人事及其他委任事項、董事及其他高層管理人員之薪酬、各董事委員會之授權及企業管治等事務。

截至二零零六年三月三十一日止年度，董事會舉行四次定期會議，大約每季一次，董事親身或以其他電子通訊方式出席。於截至二零零六年三月三十一日止年度，董事會會議之出席記錄如下：

		Attended 出席次數
<i>Executive Directors</i>	執行董事	
LI Qin (Chairman)	李勤 (主席)	3/4
GUO Wei (Vice Chairman, President and Chief Executive Officer)	郭為 (副主席兼總裁及首席執行官)	4/4
ZENG Maochao	曾茂朝	4/4
LIN Yang	林楊	4/4
HUA Zhinian	華祉年	4/4
<i>Non-Executive Director</i>	非執行董事	
William O. GRABE	William O. GRABE	4/4
<i>Independent Non-Executive Directors</i>	獨立非執行董事	
LEUNG Pak To, Francis	梁伯韜	3/4
WU Jinglian	吳敬璉	3/4
HU Zhao Guang	胡昭廣	4/4

Upon appointment, Directors receive a board pack of materials such as a brief outline of the role of a director and a summary of responsibilities on ongoing obligations under legislation, regulation and best practice, summary details of the Company's business and other board issues.

董事獲委任後將收到一份資料，當中包括董事之角色簡介、根據法規及最佳常規履行持續責任之職責摘要、本公司業務及其他董事會事務之資料概覽。

Board of Directors (cont'd)

Independent non-executive directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three independent non-executive directors and one of whom has appropriate professional qualifications or accounting or related financial management expertise.

All independent non-executive directors were not appointed for any specific term but are subject to retirement by rotation at each annual general meeting in accordance with the Company's Bye-Laws and shall be eligible for re-election.

Each of the independent non-executive directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all the independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and considers that they are independent.

Remuneration of directors

The Company has not yet established a remuneration committee. The Directors shall establish a remuneration committee with specific written terms of reference in accordance with the requirements of the Code.

Details of Director's emoluments for the year ended 31 March 2006 are set out in note 9 to the financial statements.

Chairman and Chief Executive Officer

The position of the Chairman and the Chief Executive Officer are held by separate individuals. The roles of the Chairman are separate from that of the Chief Executive Officer. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly defined and set out in writing.

The Chairman is responsible for leadership of the Board and creating the conditions for overall board and individual director effectiveness, both inside and outside the boardroom.

The Chief Executive Officer is accountable to the Board and reports to the Chairman directly and is responsible for running the Group's business.

董事會 (續)

獨立非執行董事

根據上市規則第3.10(1)條及第3.10(2)條，本公司已委任三名獨立非執行董事，其中一名具備合適之專業資格或會計或相關財務管理專業知識。

所有獨立非執行董事均沒有指定任期，惟根據本公司組織章程細則須於每屆股東週年大會上輪值告退及接受重新選舉。

各獨立非執行董事已根據上市規則第3.13條之規定各自就其獨立性作出年度確認。本公司認為，全體獨立非執行董事均符合上市規則第3.13條所載之獨立指引，且視彼等為獨立人士。

董事酬金

本公司尚未成立薪酬委員會。董事將依照守則規定成立備有明確書面職權範圍之薪酬委員會。

截至二零零六年三月三十一日止年度之董事酬金載於財務報表附註9。

主席及首席執行官

主席及首席執行官兩個職位由不同人士出任。主席與首席執行官兩者之角色獨立分開。主席與首席執行官之職責分工已有明確書面界定。

主席負責領導董事會，亦在董事會內外創造有利條件推動整個董事會及個別董事之表現。

首席執行官向董事會負責，同時直接向主席匯報，並且承擔本集團業務運作之責任。

Audit Committee

All members of the Audit Committee are independent non-executive directors and one of whom has the appropriate professional qualifications, accounting or related financial management expertise.

During the year, new terms of reference of the Audit Committee were adopted to comply with the Code. The Audit Committee is responsible for, among others, the integrity of the financial statements of the Group, reviewing the effectiveness of the Group's internal controls and risk management systems, reviewing the effectiveness of the Group's internal audit function in the context of the Group's overall risk management system and oversight of the relationship with external auditors.

The Audit Committee held four regularly meetings during the year ended 31 March 2006 at approximately quarterly intervals where the Directors attended either in person or by other means of electronic communication. The attendance records of the Audit Committee meetings held during the year ended 31 March 2006 are set out below:

		Attended 出席次數
LEUNG Pak To, Francis (<i>Chairman</i>)	梁伯韜 (主席)	4/4
WU Jinglian	吳敬璉	3/4
HU Zhao Guang	胡昭廣	4/4

For the year ended 31 March 2006, the Audit Committee reviewed with senior management and the Company's auditors their respective audit findings, the accounting principles and practices adopted by the Group, legal and regulatory compliance, and internal control, risk management and financial reporting matters. The Board has, through the Audit Committee, conducted regular reviews of the effectiveness of the system of internal control of the Group during the year ended 31 March 2006.

The Audit Committee has no disagreement with the Board on the selection, appointment, resignation or dismissal of the auditors of the Company.

審核委員會

審核委員會全體成員均為獨立非執行董事，其中一名具備合適之專業資格或會計或相關財務管理專業知識。

為符合守則，審核委員會已於年內採納新訂職權範圍。審核委員會負責（其中包括）本集團財務報表之完整性、檢討本集團內部監控及風險管理制度之成效、檢討本集團內部審核功能對於整體風險管理制度之成效，並監督與外聘核數師之關係。

於截至二零零六年三月三十一日止年度，審核委員會舉行四次定期會議，大約每季一次，董事親身或以其他電子通訊方式出席。於截至二零零六年三月三十一日止年度，審核委員會會議之出席記錄如下：

於截至二零零六年三月三十一日止年度，審核委員會與高層管理人員及本公司核數師審議彼等各自之審核結果、本集團採用之會計原則及慣例、法律及監管合規事務、內部監控、風險管理及財務申報事宜。董事會已透過審核委員會定期檢討本集團截至二零零六年三月三十一日止年度內部監控制度之成效。

就本公司核數師之甄選、聘任、辭任及解聘方面，審核委員會與董事會並無意見分歧。

Auditors' remuneration

For the year ended 31 March 2006, the remuneration to the Auditors of the Company were approximately HK\$3,150,000 for audit services and HK\$3,735,000 for non-audit services (in which taxation planning services was HK\$620,000, review on quarterly/interim results was HK\$515,000 and special audit services was HK\$2,600,000).

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Company and of the Group on a going concern basis in accordance with the statutory requirements and applicable accounting standards.

The statement of the Auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Report of the Auditors on pages 54 to 55 of this annual report.

核數師酬金

截至二零零六年三月三十一日止年度，本公司核數師之核數服務酬金約港幣3,150,000元，非核數服務酬金則為港幣3,735,000元（當中稅務規劃服務佔港幣620,000元，審閱季度／中期業績佔港幣515,000元及特別核數服務佔港幣2,600,000元）。

董事就財務報表承擔之責任

董事確認彼等須負責依照法定要求及適用會計準則，按持續經營基準編製真實公平反映本公司及本集團財務狀況之本集團財務報表。

本公司核數師就本集團財務報表所作之申報責任聲明載於本年報第54頁至第55頁之核數師報告內。