

Corporate Governance Report

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (CG Code) contained in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK (Listing Rules) for the year ended 31 March 2006, save for the code provisions on the following:

- 1) The roles of chairman and managing director of the Company have been performed by Mr Tsang Chi Hung. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.
- 2) At each annual general meeting, one-third of the directors for the time being shall retire from office by rotation except that the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation. The Board will propose amendments to the Company's Bye-law in the forthcoming Annual General Meeting to cope with revised Listing Rules.
- 3) A remuneration committee comprising a majority of independent non-executive directors was formed on 12 December 2005.

BOARD MEETINGS

The Board meets regularly four times a year, ie. at approximately quarterly intervals. During the year ended 31 March 2006, the Board convened a total of four times and the attendance of the Directors are as follows:-

Name	Number of meetings held while being a director	Number of meetings attended
<i>Chairman and Managing Director</i>		
Mr Tsang Chi Hung	4	4
<i>Executive Directors</i>		
Mr Liu Hoo Kuen	4	4
Mr Richard Warren Herbst	4	4
Ms Kwan Yau Choi	4	4
Ms Fung Sau Mui	4	4
Mr Tai Wing Wah	4	4
Mr Wong Kam Hong	4	3
<i>Independent Non-executive Directors</i>		
Mr Chu Kwok Man	4	4
Mr Lok Wai Kiang, Paul	4	4
Mr Cheng Woon Kam	4	4

企業管治報告書

董事會認為，截止二零零六年三月三十一日止年度，除下列守則條文外，本公司一直遵守載於聯交所證券上市規則（「上市規則」）附錄14的企業管治常規守則（「企業管治守則」）所載守則條文：

- 1) 本公司主席及董事總經理之職位均由曾志雄先生擔任，董事會認為此兼任架構不會使權力過份集中在一人身上，而且有利於建立強勢及一致的領導權，使公司能夠迅速及一貫地作出及實行各項決定。
- 2) 在每屆股東周年大會上，三分之一的董事須輪值退任，但董事會主席與／或董事總經理則不用輪值告退，董事會將於應屆股東週年大會建議修訂本公司之公司細則以符合修訂上市規則。
- 3) 董事會已於二零零五年十二月十二日成立一個以獨立非執行董事為多數的薪酬委員會。

董事會會議

董事會每年召開四次定期會議，即大約每季開會一次，截至二零零六年三月三十一日止年度，董事會合共召開四次會議，董事的出席率如下：

姓名	任董事時 召開的 會議次數	出席會議 次數
主席及董事總經理		
曾志雄先生	4	4
執行董事		
廖浩權先生	4	4
Richard Warren Herbst先生	4	4
關有彩女士	4	4
馮秀梅女士	4	4
戴永華先生	4	4
黃錦康先生	4	3
獨立非執行董事		
朱國民先生	4	4
駱偉強先生	4	4
鄭煥錦先生	4	4

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BOARD OF DIRECTORS

The Company is led and controlled through the Board of Directors, which is constituted by 7 Executive Directors, including the Chairman of the Board, and 3 Independent Non-executive Directors. The 3 Independent Non-executive Directors have all confirmed in writing to the Company that they meet all the guidelines for assessing independence set out in rule 3.13 of the Listing Rules.

The Board oversees the overall management and operations of the Company. Major responsibilities include approving the Company's overall business, financial and technical strategies, setting key performance targets, approving budgets and overseeing the performance of management.

All the independent non-executive directors have service contracts with the Company for a specified period of two years subject to retirement and rotation at the Annual General Meeting of the Company in accordance with the Company's By-laws.

The Board has adopted the Model Code set out in Appendix 10 of the Listing Rules and the Directors have fully complied with it.

The emolument payable to Directors is determined by the Board with reference to the Directors' duties and responsibilities.

COMMITTEES OF THE BOARD

The Board has established the following two committees: the Audit Committee and the Remuneration Committee.

AUDIT COMMITTEE

The Audit Committee consists of 3 Independent Non-executive Directors.

Name	Number of meeting	Number of meetings attendance
Mr Chu Kwok Man (<i>Chairman</i>)	2	2
Mr Lok Wai Kiang, Paul	2	2
Mr Cheng Woon Kam	2	2

The Audit Committee oversees the overall financial reporting process as well as the adequacy and effectiveness of the Company's internal control. It also reviews and monitors the external auditor's independence and objectivity as well as the effectiveness of the audit process to make sure that it is in full compliance with applicable standards.

企業管治報告書

董事會

本公司由董事會領導及管治。董事會成員包括7位執行董事(包括董事會主席)及3位獨立非執行董事。3位獨立非執行董事已向本公司作出書面確認，他們已符合上市規則第3.13條所載以評估其獨立性的指引。

董事會負責監察本公司的整體管理及營運。董事會的主要職責，包括批核本公司的整體業務、財務及技術策略、設定關鍵的業績表現目標、批核財政預算、以及監察管理層的表現。

全部獨立非執行董事與本公司均有為期兩年的服務合約，並須根據本公司之公司細則於股東週年大會時退任及輪值。

董事會已採納上市規則附錄10的標準守則，所有董事均有遵守有關守則。

董事酬金乃董事會按董事的職責而釐定。

董事會委員會

董事會已成立以下兩個委員會：審核委員會及薪酬委員會。

審核委員會

審核委員會由3位獨立非執行董事組成。

姓名	會議次數	出席會議次數
朱國民先生(主席)	2	2
駱偉強先生	2	2
鄭煥錦先生	2	2

審核委員會監察公司的整體財務報告程序及內部監控步驟是否充足有效。審核委員會同時檢討和監督外聘核數師是否獨立、客觀，以及審核程序是否有效，藉此確保審核程序乃全面遵照適用的準則。

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REPORT OF AUDIT COMMITTEE

For the year ended 31 March 2006, the Audit Committee convened two times. It has reviewed the interim and annual reports of the Company.

AUDITORS' REMUNERATION

During the year ended 31 March 2006, the audit and non-audit fees payable/paid to external auditors was made up of an audit fee of approximately HK\$1,279,000 and a non-audit related service fee of approximately HK\$389,000. The latter included taxation service and professional service.

REMUNERATION COMMITTEE

The Remuneration Committee consists of 2 Executive Directors and 3 Independent Non-executive Directors.

Mr Liu Hoo Kuen (*Chairman*)

Mr Tsang Chi Hung

Mr Chu Kwok Man

Mr Lok Wai Kiang, Paul

Mr Cheng Woon Kam

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management.

The remuneration of Directors is determined by the Board based on the advice of the Remuneration Committee with reference to their responsibilities with the Company. During the year, the Remuneration Committee did not convene meeting.

NOMINATION OF DIRECTORS

There is no Nomination Committee. The Board will regularly review its structure, size and composition and to select suitable Board member when necessary.

The selection of individual to become Directors is based on assessment of their professional qualifications and experience.

企業管治報告書

審核委員會報告

截至二零零六年三月三十一日止年度，審核委員會召開了二次會議。審核委員會審閱了本公司的中期及年度報告。

核數師酬金

截至二零零六年三月三十一日止年度，本集團應付／已付外聘核數師的總費用包括核數費用約1,279,000港元及非核數服務費約389,000港元，後者包括稅項服務及專業服務。

薪酬委員會

薪酬委員會由2位執行董事及3位獨立非執行董事組成。

廖浩權先生 (主席)

曾志雄先生

朱國民先生

駱偉強先生

鄭煥錦先生

薪酬委員會負責就本公司的董事及高級管理人員的薪酬政策及架構，向董事會提出建議。

薪酬委員會根據董事於公司的職責，向董事會作出提議，再由董事會決定董事的酬金。年內，薪酬委員會並未召開會議。

董事提名

本公司並無提名委員會。董事會會定時檢討董事會的架構，規模及組合，並於需要時甄選合適的董事會成員。

本公司將會按個別人士的專業資格及經驗評估而揀選董事。