

# Corporate Governance Report

## 企業管治報告

### CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the “Board”) is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders’ value.

The Company has adopted the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (“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”) for the year ended 31 March 2006, save for the deviations discussed below. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

### DIRECTORS’ SECURITIES TRANSACTION

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

### BOARD OF DIRECTORS

As at the date of this report, the Board is made up of eight directors, including five executive directors and three independent non-executive directors (the “INEDs”). The directors are, collectively and individually, aware of their responsibilities to the shareholders. One of the INEDs possesses appropriate professional accounting qualifications and financial management expertise. The directors’ biographical details are set out in the section headed of “Directors and Senior Management Profile” in this Annual Report.

### 企業管治常規

本公司董事會（「董事會」）致力維持良好之企業管治標準及程序，以確保資料披露之完整性、透明度及質素，藉以提高股東價值。

本公司於截至二零零六年三月三十一日止年度一直採用及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載列之企業管治常規守則（「守則」）之原則及所有適用守則條文，惟下述偏離事項除外。董事會將繼續檢討及提升本公司之企業管治常規及準則，確保業務活動及決策制訂過程乃以適當及審慎方式規管。

### 董事之證券交易

本公司已採納上市規則附錄10所載列之上市發行人董事進行證券交易之標準守則作為有關董事進行證券交易之行為守則（「標準守則」）。經向本公司所有董事作出具體查詢後，本公司董事確認彼等於截至二零零六年三月三十一日止整個年度內已一直遵守標準守則所載之規定標準。

### 董事會

於本報告日期，董事會由八名董事組成，其中包括五名執行董事及三名獨立非執行董事（「獨立非執行董事」）。各董事共同及個別了解彼等向股東所承擔之責任。其中一名獨立非執行董事擁有適當之專業會計資格及財務管理專業知識。董事之履歷資料載於本年報之「董事及高級管理人員簡介」一節。

The directors of the Company during the year and up to the date of this report were:-

**Executive Directors**

Dr. Lam Man Chan (*Chairman*)

Ms. Ting Lai Ling

Ms. Ting Lai Wah

Mr. Hui King Chun

Mr. Yeung Cheuk Kwong

**Non-executive Directors**

Dr. Hari Naroomal Harilela

(resigned on 20 March 2006)

Mr. Lam Ping Cheung, Andrew

(resigned on 20 June 2006)

**Independent Non-executive Directors**

Mr. Ng Chi Yeung, Simon

Mr. Tam Yuk Sang, Sammy

Mr. Ho Lok Cheong

The Board conducts at least four regular Board meetings a year at approximately quarterly intervals in addition to other Board meetings that are required for significant and important issues, and for statutory purposes. Appropriate and sufficient information is provided to the Board members in a timely manner to keep them abreast of the Group's latest development and thus assist them in discharging their duties. During the year, the Board has held four meetings and the attendance of the directors at the Board meetings for the year ended 31 March 2006 is as follows:

年內及直至於本報告書刊發日期之本公司董事為：

**執行董事**

林文燦博士 (*主席*)

丁麗玲女士

丁麗華女士

許經振先生

楊卓光先生

**非執行董事**

Hari Naroomal Harilela博士

(於二零零六年三月二十日辭任)

林炳昌先生

(於二零零六年六月二十日辭任)

**獨立非執行董事**

吳志揚先生

譚旭生先生

何樂昌先生

除就重大及重要事務以及法定目的而舉行之其他董事會會議外，董事會每年至少舉行四次董事會例會，大約每三個月舉行一次。董事會成員將會適時獲得適當及充足之資料，以便彼等了解本集團之最新發展，從而有助彼等履行其職責。年內，董事會已舉行四次會議，而於截至二零零六年三月三十一日止年度董事出席董事會會議之情況如下：

Name of Director		Number of Attendance/ Number of Meeting
董事姓名		出席次數/ 會議次數
<i>Executive Directors</i> 執行董事		
Dr. Lam Man Chan	林文燦博士	4/4
Ms. Ting Lai Ling	丁麗玲女士	3/4
Ms. Ting Lai Wah	丁麗華女士	3/4
Mr. Hui King Chun	許經振先生	3/4
Mr. Yeung Cheuk Kwong	楊卓光先生	4/4
<i>Non-executive Directors</i> 非執行董事		
Dr. Hari Naroomal Harilela*	Hari Naroomal Harilela博士*	0/4
Mr. Lam Ping Cheung, Andrew**	林炳昌先生**	1/4
<i>Independent Non-executive Directors</i> 獨立非執行董事		
Mr. Ng Chi Yeung, Simon	吳志揚先生	2/4
Mr. Tam Yuk Sang, Sammy	譚旭生先生	4/4
Mr. Ho Lok Cheong	何樂昌先生	3/4

\* resigned on 20 March 2006

\*\* resigned on 20 June 2006

\* 於二零零六年三月二十日辭任

\*\* 於二零零六年六月二十日辭任

Board minutes are recorded in appropriate detail and draft minutes are circulated to all directors and committee members for comments before being approved by the Board at the next immediate meeting. All minutes are kept by the Company Secretary and are open for inspection by the directors.

董事會會議紀錄將記下適當細詳，而會議紀錄草稿將於董事會在緊接下一次會議批准前送交所有董事及委員會成員以供審閱。所有會議紀錄將由公司秘書保存及可供董事查閱。

The Board is responsible for the leadership and control of the Group and oversees the Group's business, strategic decisions and financial performance. The Board delegates to the management team the day-to-day management of the Company's business including the preparation of annual and interim reports, and for implementation of internal control, business strategies and plans developed by the Board.

董事會負責領導及控制本集團及監督本集團之業務、策略決定及財務表現。董事會授權管理層隊伍處理本公司業務之日常工作，包括編製年度及中期報告，以及落實內部監控、業務策略及本公司擬定之計劃。

The Company has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

The Board members have no financial, business, family or other material / relevant relationship with each other except those disclosed in the section headed "Directors and Senior Management Profile" included in this Annual Report.

#### RE-ELECTION OF DIRECTORS

Code provision A.4.2 of the Code stipulates that 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 of the Board and/or the Managing Director of the Company shall not be subject to retirement by rotation. To ensure consistency with the Code provision A.4.2., the Board plans to amend the Bye-laws of the Company to the effect that all directors (including Chairman of the Board and Managing Director of the Company) will be subject to retirement by rotation. Such amendment will be proposed to the Annual General Meeting in 2006 for approval by the shareholders.

本公司已接獲其各獨立非執行董事根據上市規則第3.13條發出之年度獨立確認書，並認為所有獨立非執行董事均為獨立人士。

除於本年報之「董事及高級管理人員簡介」一節所披露者外，董事會成員彼此間並無財務、業務、家族或其他重大／相關關係。

#### 重選董事

守則之守則條文A.4.2規定，每名董事（包括獲委任指定任期之董事）必須至少每三年輪值退任一次。根據本公司之公司細則，董事會主席及／或本公司董事總經理毋須輪值退任。為確保與守則條文A.4.2保持一致，董事會計劃修訂本公司之公司細則，致使所有董事（包括董事會主席及／或本公司董事總經理）均須輪值退任。該項修訂將於二零零六年股東週年大會上提呈以供股東批准。

Code Provision A.4.2 of the Code also stipulates that all directors appointed to fill casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. On the other hand, paragraph 4(2) of Appendix 3 of the Listing Rules provides that such directors are to hold office until the next following annual general meeting when they will be subject to re-election. The Bye-Laws of the Company also state that any director appointed to fill a casual vacancy on the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. The Board has re-considered this issue and upon receiving legal advice, decided to leave the existing Bye-laws unchanged given the inconsistencies in the Listing Rules.

#### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company does not at present have any officer holding the position of Chief Executive Officer (“CEO”). Dr. Lam Man Chan is the founder and chairman of the Company and has also carried out the responsibilities of CEO. Dr. Lam possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure to be more suitable to the Company because it can promote the efficient formulation and implementation of the Company’s strategies. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as CEO when it thinks appropriate.

#### NON-EXECUTIVE DIRECTORS

The non-executive directors of the Company were previously not appointed for a specific term but were subject to retirement by rotation and re-election at the Company’s annual general meeting in accordance with the Bye-laws of the Company. On 6 September 2005, the term of appointment of each of the non-executive directors was changed to a specific term of three years to comply with the code provision A.4.1.

守則之守則條之A.4.2亦規定，所有獲委任以填補臨時空缺之董事均須於彼等獲委任後之首次股東大會上接受股東選舉產生。另一方面，上市規則附錄3第4(2)段規定，該等董事之任期直至下一屆股東週年大會，屆時彼等將接受重選。本公司之公司細則亦規定任何由董事會委任以填補臨時空缺之董事只可留任至本公司下屆股東週年大會，而屆時可於該大會上符合資格膺選連任。董事會曾重新考慮此事宜，並在聽取法律意見後決定，即使與現有上市規則不符，仍會維持有關公司細則不變。

#### 主席及行政總裁

本公司目前並無任何高級職員擔任行政總裁（「行政總裁」）一職。林文燦博士為本公司創辦人及主席，亦已履行行政總裁之職責。林博士擁有所須領導技巧以管理董事會及對本集團業務具備深厚認識。董事會認為目前之架構更為適合本公司，原因為該架構可促使本公司策略可更有效擬訂及落實。董事會將不時檢討該項安排之效用，並將於其認為適當時候考慮委任一名人士出任行政總裁。

#### 非執行董事

本公司之非執行董事先前並無獲委任指定任期，但須根據本公司之公司細則於本公司之股東週年大會上輪值退任及膺選連任。於二零零五年九月六日，每名非執行董事之任期已更改為為期三年之指定任期，以符合守則條文A.4.1。

## BOARD COMMITTEES

The Board has established two committees with clearly-defined written terms of reference. The independent view and recommendations of the two committees ensure proper control of the Group and the continual achievement of the high standard corporate governance practices.

### Remuneration Committee

As at the date of this report, the Remuneration Committee (the "RC") comprises three INEDs, namely, Mr. Ng Chi Yeung, Simon (Chairman), Mr. Tam Yuk Sang, Sammy, and Mr. Ho Lok Cheong and one executive director, namely, Mr. Yeung Cheuk Kwong.

The brief duties of the RC as per the terms of reference were as follows:

1. to make recommendations to the Board on the Company's policy and structure for the remuneration of the directors;
2. to have the delegated responsibilities to determine the specific remunerations package of all executive directors; and
3. to review and approve compensation payable to directors' in connection with loss of their office or compensation arrangement relating to dismissal or removal of director.

The RC has every right to access to professional advice relating to remuneration proposal if considered necessary. The RC has begun to review the remuneration policy for the directors and senior management.

### 董事會委員會

董事會已成立兩個委員會，並具備清晰界定之書面職權範圍。兩個委員會之獨立意見及推薦建議可確保適當控制本集團及持續達致高水準之企業管治常規。

### 薪酬委員會

於本報告日期，薪酬委員會（「薪酬委員會」）由三名獨立非執行董事（分別為吳志揚先生（主席）、譚旭生先生及何樂昌先生）及一名執行董事（即楊卓光先生）組成。

根據職權範圍，薪酬委員會之職責簡介如下：

1. 就本公司之董事酬金政策及架構向董事會作出推薦建議；
2. 獲授予釐定所有執行董事之具體酬金方案之職責；及
3. 檢討及批准就董事離職應支付予董事之補償或有關董事被免職或撤換之補償安排。

在視為必須之情況下，薪酬委員會有權就酬金建議尋求專業意見。薪酬委員會已開始檢討董事及高級管理層之酬金政策。委員會已開始審閱董事及高級管理人員之酬金政策。

The RC meets at least once a year. The RC has held one meeting during the year and all members have attended the meeting.

#### Audit Committee

During the year, the Audit Committee (the “AC”) comprises one non-executive director, namely, Mr. Lam Ping Cheung, Andrew and three INEDs, namely, Mr. Tam Yuk Sang, Sammy (Chairman), Mr. Ng Chi Yeung, Simon and Mr. Ho Lok Cheung.

The principal duties of the AC include :-

1. monitoring integrity of the Company’s financial statements and reports;
2. reviewing of financial controls, internal controls, and risk management system; and
3. reviewing of the Company’s financial and accounting policies and practices.

The AC is authorized by the Board to investigate any activity and seek any information it requires within its term of reference. It is also authorized to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Reporting to the Board, the AC is dedicated to review and supervise the Group’s financial reporting process and internal controls. The financial results for the year ended 31 March 2006 has been reviewed by the AC. The AC has begun to review the internal controls of the Group.

薪酬委員會每年至少舉行一次會議。薪酬委員會於年內已舉行一次會議，而所有成員均已出席該次會議。

#### 審核委員會

於年內，審核委員會（「審核委員會」）由一名非執行董事（即林炳昌先生）及三名獨立非執行董事（分別為譚旭生先生（主席）、吳志揚先生及何樂昌先生）組成。

審核委員會之主要職責包括：

1. 監察本公司財務報表及報告之持正度；
2. 檢討財務監控、內部監控及風險管理系統；及
3. 檢討本公司之財務及會計政策及慣例。

審核委員會獲董事會授權於其職權範圍內調查任何活動及尋求其需要之任何資料。審核委員會亦獲授權取得外界法律或其他獨立專業意見，及於視為必須之情況下，確保具備有關經驗之外界人士出席會議。

審核委員會向董事會匯報，並專責檢討及監督本集團之財務報告程序及內部監控。截至二零零六年三月三十一日止年度之財務業績已經由審核委員會審閱。審核委員會已開始檢討本集團之內部監控。

The AC conducts at least four regular meetings a year at approximately quarterly intervals in addition to other meetings that are required for significant and important issues, and for statutory purposes. The attendance of the members at the meetings of AC for the year ended 31 March 2006 is as follows:

除就重大及重要事務以及法定目的而舉行之其他會議外，審核委員會每年至少舉行之四次例會，大約每三個月舉行一次。截至二零零六年三月三十一日止年度董事出席審核委員會會議之情況如下：

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Name of Member 成員姓名		Number of Attendance/Number of Meeting 出席次數／會議次數
Mr. Lam Ping Cheung, Andrew*	林炳昌先生*	1/4
Mr. Ng Chi Yeung, Simon	吳志揚先生	3/4
Mr. Tam Yuk Sang, Sammy	譚旭生先生	4/4
Mr. Ho Lok Cheong	何樂昌先生	4/4

\* resigned on 20 June 2006

\* 於二零零六年六月二十日辭任

During the year ended 31 March 2006, the AC had reviewed the Company's annual report for the year ended 31 March 2005 and the interim report for the six months ended 30 September 2005.

截至二零零六年三月三十一日止年度內，審核委員會已審閱截至二零零五年三月三十一日止年度之本公司年報及截至二零零五年九月三十日止六個月之中期報告。

### NOMINATION OF DIRECTORS

The Company has not established a Nomination Committee. The duties and functions of the Nomination Committee recommended in the Code are performed by the Board collectively with no director being involved in fixing his/her own terms of appointment and no INED being involved in assessing his own independence.

### 提名董事

本公司並無成立提名委員會。守則所建議提名委員會之職責及職能由董事會共同履行，並無董事參與釐定其本身之委任條款，亦無獨立非執行董事參與評估其本身之獨立身份。

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standard. The Board also ensure the timely publication of the financial statements of the Group.

### 董事編製財務報表之責任

董事會確認彼等編製本集團財務報表之責任，並確保財務報表乃根據法例規定及適用之會計準則編製。董事會亦確保會準時刊發本集團之財務報表。



The statement of external auditors of the Company, Messrs. Deloitte Touche Tohmatsu and Messrs. Graham H.Y. Chan & Co., about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Report of Auditors on page 38 and 39.

本公司之外聘核數師德勤•關黃陳方會計師行及陳浩賢會計師事務所就本集團綜合財務報表之報告責任聲明載於第38及39頁之核數師報告內。

#### AUDITORS' REMUNERATION

For the year ended 31 March 2006, the total remuneration provided of the Group's auditors for statutory audit services is approximately HK\$1 million. They also provided non-audit services to the Group, which were considered as insignificant assignments.

#### 核數師酬金

於截至二零零六年三月三十一日止年度，本集團之核數師就法定審核服務收取之酬金總額約1,000,000港元。彼等亦為本集團提供非審核服務，而有關服務被視為重要程度較低之委聘服務。