

Corporate Governance Report

The Board of directors (“Board”) is committed to maintaining statutory and regulatory standards and adherence to the principle of corporate governance with emphasis on transparency, independence, accountability and responsibility. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

The Stock Exchange of Hong Kong Limited (“Stock Exchange”) has issued Appendix 14 of the Rules Governing the listing of securities (the “Listing Rules”) relating to “The Code on Corporate Governance Practices (the “CG Codes”) for the listed company to comply with. In the opinion of the directors, the Company has complied with CG Codes throughout the year, except for the deviations from the CG Codes provision A.2.1 relating to the separation roles of chairman and chief executive officer and the roles should not be performed by the same individual, and provision A.4.1 Non-executive directors should be appointed for a specific term, subject to re-election, which are explained in the following paragraphs:

企業管治報告

董事會（「董事會」）致力維持有關法定及監管標準，並緊守企業管治之原則，強調透明、獨立、問責及負責。為了達到與公司有相關利益者對企業管治水平不斷提升之期望，以及符合日趨嚴謹之法規要求，以及履行其良好企業管治之承諾，董事會將不時檢討本公司之企業管治守則。

上市公司須遵守香港聯合交易所有限公司（「聯交所」）發出之證券上市規則附錄14之《企業管治常規守則》（「企業管治守則」）。董事認為本公司全年一直遵守企業管治守則，惟偏離守則條文A.2.1有關主席及行政總裁之角色區分，此等角色不應由一人同時兼任，及守則條文A.4.1非執行董事應按特定任期委任且須接受重新選舉，偏離詳情於下段說明。

THE BOARD

Composition

The Board currently comprises the following directors

Executive directors:

Mr. Tang Kuan Chien (*Chairman*)
Mr. Tang Wei Lun
Mr. Cheung Ming Leung Denver
Mr. Lam Chi Yin Henry
Mr. Andy Hsiao-An Yuan

Independent non-executive directors:

Mr. Hung Shean-I
Mr. Wong Nai Ping
Mr. Au Kwok Yee Benjamin

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

There is no relationship among the current members of the Board except for the family relationship between Mr. Tang Kuan Chien and Mr. Tang Wei Lun. Mr. Tang Wei Lun is the son of Mr. Tang Kuan Chien. Biographical details of the Directors are set out in the section headed "Director and Senior Management" on page 14 to page 18 of the annual report.

董事會

組成

本公司董事會現時由以下董事組成：

執行董事：

唐貫健先生（主席）
唐偉倫先生
張明良先生
林智然先生
Andy Hsiao-An Yuan先生

獨立非執行董事：

洪顯一先生
黃乃平先生
歐國義先生

上列董事（按類別計）亦於本公司根據上市規則不時發出之所有企業通訊披露。

除唐貫健先生及唐偉倫先生為親屬關係外，現有董事間概無關係。唐偉倫先生為唐貫健先生之子。董事簡介載列於本年報第14頁至第18頁「董事及高級管理人員」中披露。

During the year ended 31 March 2006, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors, which represent more than one-third of the Board. In addition, one of the independent non-executive director possesses appropriate professional qualifications, or accounting or related financial management expertise. The Company has complied with Rule 3.10(1) and 3.10(2) of the Listing Rules.

All Directors are regularly updated on governance and regulatory matters. There is a procedure to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the expense of the Company in order to discharge of their duties.

During the year, four regular and four ad-hoc board meetings were held. Notice of at least 14 days has been given to all Directors for all regular board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular and ad-hoc board meetings are sent out in full to all directors within reasonable time before the meeting. Minutes of board meetings are kept by duly appointed secretaries of the respective meetings and record in sufficient detail the matters considered by the board and decision reached and sent to all directors for their comment and records respectively within a reasonable time after the board meeting was held.

All directors have access to board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

Individual attendance records at board meetings are set out on page 38 and 39 of this report.

截至二零零六年三月三十一日止年度，董事會一直遵守上市規則有關委任最少三名獨立非執行董事，佔董事會成員超過三分之一。此外，其中最少一名獨立非執行董事須具備合適專業資歷或會計或相關財務管理專業知識之規定。本公司已遵守上市規則第3.10(1)及3.10(2)條。

全體董事均定期獲得有關管治及監管事宜之更新資訊。董事可根據程序，按合理要求於合適情況下尋求獨立意見，以協助履行其於本公司之職責，有關費用由本公司支付。

年內，董事會召開了四次定期董事會會議及四次臨時董事會會議。就董事會所有定期會議，全體董事均獲給予最少十四天通知，如有需要，董事可將討論事項納入有關議程。董事會定期及臨時會議之議程及附連之董事會文件在開會前一段合理時間內派發予所有董事。董事會之會議紀錄由獲委任之秘書備存，詳列會議上董事會所考慮事項及達致之決定，並於董事會會議結束後合理時間內送交全體董事，供董事表達意見及紀錄之用。

全體董事均有權查閱董事會之文件及有關資料，並會及時獲得充分資料，確保董事會可就提呈會議之事項作出知情決定。

個別董事出席董事會之紀錄載列於本報告第38及39頁。

The responsibilities of the Board are as follows:–

The overall management of the Company's business is vested in the Board, which assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company.

The Board reserves for its decisions all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions, financial information, appointment of directors and other significant financial and operational matters.

Independent Non-Executive Directors

All the Independent Non-Executive Directors of the Company have not been appointed for a specific terms except for Mr. Au Kwok Yee Benjamin and are subject to retirement by rotation and re-election in accordance with the Company Articles of Association.

For the purpose of complying with the CG Codes, Mr. Hung Shean-I and Mr. Wong Nai Ping will be appointed for a specific terms after the annual general meeting year 2006 of the Company.

董事會之職責如下：

本公司之整體業務由董事會負責管理。董事會負責本公司之領導及監控，並對本公司之成功負共同責任。全體董事均客觀就本公司利益作出決定。

董事會保留就本公司所有重要事項作出決策之權力，包括批准及監控所有政策、整體策略及預算、內部監控及風險管理制度、重大交易、財務資料、委任董事及其他重大財務及營運事宜。

獨立非執行董事

根據本公司細則條文，全體獨立非執行董事均未按特定任期委任，並須輪席退任及接受重選，惟歐國義先生除外。

為遵守企業管治守則，於本公司二零零六年年度週年大會後，洪顯一先生及黃乃平先生將按特定任期委任。

Each of the Independent Non-Executive Directors has given the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-Executive Directors are independent and meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

Chairman and Chief Executive

CG Codes provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. Mr. Tang Kuan Chien is the Chairman of the Board and also serves the function of a Chief Executive. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management. The Board will be looking for a suitable Chief Executive Officer to fulfill the CG Codes.

根據上市規則第3.13條，每名獨立非執行董事已向本公司提供年度獨立性確認書。本公司認為，全體獨立非執行董事均屬獨立人士，並遵守上市規則第3.13條所載獨立身分指引。

主席及行政總裁

守則條文第A.2.1條訂明主席與行政總裁之角色應有區分，並不應由一人同時兼任。唐貫健先生為董事會主席兼行政總裁。董事會相信現時之安排令本公司能及時作出及執行決策，致使本公司在多變之環境下仍能有效率地達成本公司之目標。董事會亦相信本公司已擁有強大之企業管治架構，可有效地監督管理層。董事會正物色一名合適之行政總裁，以遵守守則條文第A.2.1條。

Remuneration Committee

The Company has set up a Remuneration Committee in September 2005 to ensure that there are formal and transparent procedures for setting policies on the remuneration of Directors and senior management. The Remuneration Committee comprises the Mr. Wong Nai Ping, Mr. Hung Shean-I and Mr. Tang Wei Lun. The Remuneration Committee is chaired by Mr. Wong Nai Ping.

During the year, one Remuneration Committee meeting was held, advising the Board on the formulation of the Group's overall policy and remuneration packages for the executive Directors and senior management. The Remuneration Committee ensures that no Director is involved in deciding his own remuneration. The terms of reference of the Remuneration Committee are consistent with the terms set out in the relevant section of the Corporate Governance code. Directors' remuneration for the year are set out in the note 9 to the financial statements.

Nomination Committee

The Company has set up a Nomination Committee in September 2005 to ensure fair and transparent procedures for appointment, re-election and removal of Directors to the Board. The Nomination Committee comprises Mr. Wong Nai Ping, Mr. Hung Shean-I and Mr. Tang Wei Lun. The Nomination Committee is chaired by Mr. Wong Nai Ping.

During the year, one Nomination Committee meeting was held, the Nomination Committee is responsible for the searching for new directors, make recommendations to the board, review the time required from an Independent non-executive director. (Performance evaluation should include an assessment of whether the Independent non-executive director is spending enough time on his/her duties) and give full consideration to succession planning. The terms of reference of the Nomination Committee are consistent with the terms set out in the relevant section of the Corporate Governance code. At present, the Committee is looking for a suitable Chief Executive Officer to fulfill the CG Codes A.2.1 Provision requirement.

薪酬委員會

本公司已於二零零五年九月成立薪酬委員會，以確保在制定董事及高級管理人員薪酬之政策上有正式及透明之程序。薪酬委員會由黃乃平先生、洪顯一先生及唐偉倫先生組成，並由黃乃平先生擔任薪酬委員會主席。

年內曾召開了一次薪酬委員會會議，就制定本集團整體政策及執行董事及高級管理人員之整體薪酬作出建議。薪酬委員會確保無董事參與釐定其本身的薪酬。薪酬委員會之職權範圍與企業管治守則有關部分載之條文一致。本年度董事酬金載列於財務報表附註9。

提名委員會

本公司已於二零零五年九月成立提名委員會，以確保在委任、重選及罷免董事之事宜有公平及透明之程序。提名委員會由黃乃平先生、洪顯一先生及唐偉倫先生組成，並由黃乃平先生擔任提名委員會主席。

年內曾召開了一次提名委員會會議。提名委員會負責物色新董事、向董事會提出建議、檢討獨立非執行董事所需時間（表現評估應包括在考核獨立非執行董事有否就其職務投放足夠時間）及全面之繼任規劃。提名委員會之職權範圍與企業管治守則有關部分載之條文一致。現時委員會正物色一名合適之行政總裁，以遵守守則條文第A.2.1條之規定。

Audit Committee

The Audit Committee comprises Mr. Wong Nai Ping, Mr. Hung Shean-I and Mr. Au Kwok Yee Benjamin. The Audit Committee is chaired by Mr. Hung Shean-I.

The principal duties of the Audit Committee are considered significant accounting policies used to prepare the statements, and any changes to them, and significant estimates or judgements on which the statements have been based, taking the external auditors' views into consideration, consider the clarity and completeness of the disclosures in the financial statements. During the year, two Audit Committee meetings were held, reviewing the financial reporting matters of the Group. The terms of reference of the Audit Committee are consistent with the terms set out in relevant section of the Corporate Governance Code.

All the members of the Audit Committee are confirmed to be independence with reference to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Model Code For 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.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2006.

To comply with the code provisions A.5.4 of the CG codes, the Company has also established and adopted the Model Code as the code of conduct for securities transactions by senior management to regulate the dealings in the securities of the Company by senior management of the Group who are considered to be likely in possession of unpublished price sensitive information of the Company.

審核委員會

審核委員會由黃乃平先生、洪顯一先生及歐國義先生組成，並由洪顯一先生擔任審核委員會主席。

審核委員會之主要職責包括審閱編制財務報表之重要會計政策及其任何變動、財務報表根據之重要評估及判斷、參考外聘核數師之意見及審閱財務報表所披露之清晰及完整程度。年內曾召開了兩次審核委員會會議，以審閱本集團之財務申報事宜。審核委員會之職權範圍與企業管治守則有關部分載之條文一致。

參照香港聯合交易所有限公司之證券上市規則第3.13條，審核委員會全體委員確認為獨立。

證券交易之標準守則

本公司已採納上市規則附錄10所載上市發行人董事進行證券交易的標準守則（「標準守則」）。

經向全體董事作出特定查詢，董事確認彼等已於二零零六年三月三十一日止年度遵守標準守則所載規定。

為遵守企業管治守則守則條文第A.5.4條，本公司亦已設定及採納標準守則為高級管理人員進行證券交易的操守守則，以規管本集團被認為可能會擁有本公司未公開之股價敏感資料之高級管理人員買賣本公司之證券。

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR ACCOUNTS

The directors acknowledge their responsibilities for the preparation of financial statements of the Company for the year ended 31 March 2006. In preparing the financial statement, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis. Respective responsibilities of the Directors and the external auditors to the shareholders are set out in the "Report of the Auditors" on pages 40 to 41 of the annual report.

Auditors' remuneration

For the year ended 31 March 2006, Ernst & Young, as the external auditors of the Company, have provided audit services to the Group in respect of 2006 financial statements of the Company and its subsidiaries at the fee of HK\$850,000 (2004: HK\$890,000).

Internal Control

The Board of Directors is responsible for the establishing and maintaining a sound system of internal control within the Group. However, such a system was designed to manage various risks of the Group within certain acceptable risk level, rather than the complete elimination of the risk of failure to achieve the business objectives of the Group.

The current Board has already commenced an assessment and review of the internal control system of the Company and will take appropriate action to maintain an adequate internal control system to safeguard shareholders' investments and the Company's assets, and review the effectiveness of such on an annual basis through the Audit Committee.

董事及核數師對賬目之責任

董事知悉彼等編製本公司截至二零零六年三月三十一日止年度財務報表之責任。董事於編製財務報表時已揀選及貫徹應用合適會計政策，並作出審慎及合理之判斷及估計，採納持續經營基準編製有關賬目。董事及外聘核數師向股東所負之責任載列於本年報的「核數師報告」第40頁至第41頁。

核數師酬金

截至二零零六年三月三十一日止年度，安永會計師事務所為本公司外聘核數師，為本公司及其附屬公司之二零零六年財務報告提供審計服務，酬金為850,000港元（二零零四年：890,000港元）。

內部監控

董事會負責為本集團建立及維持健全之內部監控系統。然而，該系統之設計只為於可接受之風險範圍內管理本集團之風險，而並不能消除令本集團業務目標失敗之風險。

現時董事會已開始評核及檢討本公司之內部監控系統，維持充分之內部監控系統，以保障股東投資及本公司資產，並每年由審核委員會檢討其有效程度。

Communication with shareholders

The Company strives to disclose relevant information on its activities to shareholders in an open and timely manner. Communication is achieved through:

- (1) The Company's annual and interim reports which have been enhanced to present a balance, clear and comprehensive assessment of the Group position and prospects.
- (2) Notices of annual and other general meetings and accompanying explanatory materials
- (3) Press releases on major acquisition
- (4) Disclosures to Stock Exchange and relevant regulatory bodies
- (5) Response to inquiries from shareholders by Directors during the Annual General meeting

The number of full Board Meetings and Committee Meetings attended by each Director during the year under review is set out in the following table. Figure in brackets indicates maximum number of meetings in the period in which the individual was a Board member or Committee member.

與股東溝通

本公司致力將其業務之有關資訊，以公開及迅速之方法向股東披露。溝通經以下途徑達致：

- (1) 本公司已改進其年報及中期報告，對本集團的現況及前景呈列一個持平、清晰及全面之評估
- (2) 於年度及其他股東會議通知內附上解釋性資料
- (3) 為本集團的主要收購事項發出新聞公佈
- (4) 向聯交所及相關監管機構披露
- (5) 於股東週年大會上，由董事回應股東之查詢

於回顧年內，各董事出席全體董事會會議及委員會會議次數載列如下。括號內之數字指有關人士為董事會成員或委員會成員期間內的最多會議次數。

Name of Director 董事姓名	Note 附註	Number of attendance 出席次數			
		Full Board Meetings 全體 董事會會議	Audit Committee Meetings 審核 委員會會議	Remuneration Committee Meetings 薪酬 委員會會議	Nomination Committee Meetings 提名 委員會會議
<i>Executive Directors</i> 執行董事					
Mr. Tang Kuan Chien 唐貫健先生		8/(8)	N/A不適用	N/A不適用	N/A不適用
Mr. Yang Ting 楊鼎先生	1	4/(4)	N/A不適用	N/A不適用	N/A不適用
Mr. Lam Chi Yin Henry 林智然先生	2	N/A不適用	N/A不適用	N/A不適用	N/A不適用
Mr. Andy Hsiao-An Yuan Andy Hsiao-An Yuan先生	2	N/A不適用	N/A不適用	N/A不適用	N/A不適用
Mr. Tang Wei Lun 唐偉倫先生		8/(8)	N/A不適用	1/(1)	1/(1)
Mr. Cheung Ming Leung Denver 張明良先生		3/(8)	N/A不適用	N/A不適用	N/A不適用
Mr. Chang Bin Lin 張炳林先生	3	5/(8)	N/A不適用	N/A不適用	N/A不適用

Name of Director 董事姓名	Note 附註	Number of attendance 出席次數			
		Full Board Meetings 全體董事會會議	Audit Committee Meetings 審核委員會會議	Remuneration Committee Meetings 薪酬委員會會議	Nomination Committee Meetings 提名委員會會議
<i>Independent Non-executive Directors</i> 獨立非執行董事					
Mr. Hung Shean-l	洪顯一先生	5/(8)	2/(2)	1/(1)	1(1)
Mr. Wong Nai Ping	黃乃平先生	8/(8)	2/(2)	1/(1)	1/(1)
Mr. Au Kwok Yee Benjamin	歐國義先生	6/(8)	2/(2)	N/A不適用	N/A不適用

Note:

- 1 Mr. Yang Ting resigned on 29 August 2005.
- 2 Mr. Lam Chi Yin Henry and Mr. Andy Hsiao-An Yuan were appointed on 5 January 2006.
- 3 Mr. Chang Bin Lin resigned from the Board on 5 January 2006.

附註:

1. 楊鼎先生於二零零五年八月二十九日辭任。
2. 林智然先生及Andy Hsiao-An Yuan先生於二零零六年一月五日獲委任。
3. 張炳林先生於二零零六年一月五日辭任董事會職務。

Constructive use of Annual General Meetings

The relations with shareholders should be maintained through constructive use of annual general meeting. We are encouraging shareholders to attend at the annual general meeting, giving shareholders an opportunity to ask questions and to hear about the company during the meeting and an opportunity to use their vote and greater openness in voting procedures at the annual general meeting. Our executive directors and responsible person of Audit Committee, Nomination Committee and Remuneration Committee will answer the questions raised by the shareholders. Annual report and related papers are post to shareholders for their consideration at least 21 days prior to the Annual General Meeting. Annual General Meeting proceedings are continually reviewed in the light of corporate governance best practices.

有建設性地運用股東週年大會

本集團應透過有建設性地運用股東週年大會維繫與股東之關係。本集團鼓勵股東出席股東週年大會，為股東提供查詢及聆聽有關本公司事項之機會，並於股東週年大會行使其投票權，投票程序亦更為透明。本集團之執行董事及審核委員會、提名委員會及薪酬委員會之負責人士將回答股東之查詢。年報及有關文件已於股東週年大會舉行前最少21天前寄發予股東參考。股東週年大會之程序將繼續根據企業管治最佳慣例檢討。