

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company is committed to a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Company's corporate governance practices are based on the principles ("Principles") and the code provisions ("Code Provisions") as 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 Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules"). The Company has complied with most of the Code Provisions save for certain deviations from the Code Provisions in respect of Code Provisions A.2.1, A.4.1 and A.4.2, details of which are explained below. The Company regularly reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

SUMMARY OF DEVIATIONS OF THE CG CODE:

Code Provision A.2.1

Under Code Provision A.2.1, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The Company does not have a position of Chief Executive Officer but the Managing Director performs similar function as Chief Executive Officer. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code Provision.

Code Provisions A.4.1 and A.4.2

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The independent non-executive directors are not appointed for a specific term. However, all non-executive directors are subject to the retirement and rotation requirements in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code Provision.

本公司為增強股東、投資者、員工、債權人及業務夥伴的信心及促進業務增長，致力奉行高質素之企業管治常規。本公司之企業管治常規以香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄14所載企業管治常規守則（「企業管治守則」）所列明之原則（「原則」）及守則條文（「守則條文」）為基礎制定。本公司已遵守大部分守則條文，惟偏離有關守則條文第A.2.1、A.4.1及A.4.2條之若干守則條文，詳情於下文闡釋。本公司定期檢討其企業管治常規，以確保持續符合企業管治守則規定。

偏離企業管治守則之概要：

守則條文第A.2.1條

根據守則條文第A.2.1條，主席及行政總裁的角色應分開，同時不應由同一人士擔任。

本公司並無設立行政總裁一職，但由董事總經理執行與行政總裁類似之職能。因此，董事會認為已採取足夠措施確保本公司之企業管治常規可媲美守則條文所規定者。

守則條文第A.4.1及A.4.2條

守則條文第A.4.1條訂明，非執行董事之委任應有固定任期，並須膺選連任。守則條文第A.4.2條訂明，所有獲委任填補臨時空缺之董事須於彼等獲委任後首個股東大會由股東選舉。各董事（包括有特定任期之董事）須最少每三年輪席退任一次。

獨立非執行董事並無指定任期。惟所有非執行董事須遵守本公司組織章程細則之規定輪席退任。因此，董事會認為已採取足夠措施確保本公司之企業管治常規可媲美守則條文所規定者。

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SUMMARY OF DERIVATIONS OF THE CG CODE: (Continued)

Code Provisions A.4.1 and A.4.2 (Continued)

To comply with Code Provision A.4.2, relevant amendments to the Company's Bye-Laws were proposed and approved by the shareholders at the Company's annual general meeting held on 15 September 2005. Under the Company's existing Bye-Laws, every director, including those appointed for specific terms, should be subject to retirement by rotation at least once every three years. All directors appointed to fill a casual vacancy should be subject to election at the first and subsequent general meeting.

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Company acknowledges the important role of its board of directors ("Board") in providing effective leadership and direction of the Company towards its objectives and ensuring transparency and accountability of all operations. The key corporate governance principles and practices of the Company are summarised as follows:

THE BOARD

Responsibilities

The Company has a division of functions reserved to the Board and delegated to the management. The Board provides leadership and approves strategic policies and plans with a view to enhance shareholder interests while the day-to-day operations of the Company are delegated to the management. 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 (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

偏離規則條文之概要：(續)

守則條文第A.4.1及A.4.2條(續)

為遵守守則條文第A.4.2條，本公司已於二零零五年九月十五日舉行之股東週年大會上提呈對本公司組織章程細則作出有關修訂之建議並已獲股東批准。根據本公司現時之組織章程細則，各董事(包括有特定任期之董事)均須至少每三年輪席退任一次。所有為填補臨時空缺而獲委任之董事應在首次股東大會及繼後之股東大會上接受選舉。

主要企業管治原則及常規

本公司明白董事會(「董事會」)在為本公司提供有效領導、引領本公司實踐目標，以確保所有業務運作維持透明度及問責性方面扮演著重要角色。本公司之主要企業管治原則及常規概述如下：

董事會

責任

本公司劃分董事會本身及授予管理人員之職責。董事會發揮領導角色及審批策略政策及計劃，務求提高股東權益，並將本公司之日常運作委以管理層負責。董事會保留對本公司所有重大事宜之決定權，包括批准及監察一切政策事宜、整體策略及財政預算、內部監控及風險管理系統、重大交易(特別是該等可能涉及利益衝突之交易)、財務資料、董事任命及其他重大財務及營運事宜。

全體董事均可全面及時取得一切有關資料，以及獲得公司秘書之意見及服務，藉此確保董事會議事程序及所有適用規則及規例獲得遵從。於適當情況下，每名董事一般可向董事會提出要求，以尋求獨立專業意見，費用由本公司承擔。

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THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

THE BOARD (Continued)

Responsibilities (Continued)

The day-to-day management, administration and operation of the Company are delegated to the Managing Director and the management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has the full support of the Managing Director and the management to discharge its responsibilities.

Composition

The Board has in its composition a balance of skills and experience necessary for independent decision making and fulfilling its business needs.

The Board of the Company comprises the following directors:

Executive Directors

Mr. Xu Ruixin (*Honourable Chairman*)
 Mr. Liu Jing (*Chairman*)
 Mr. Mo Shikang (*Managing Director*)
 (*Member of Remuneration Committee*)
 Mr. Zhu Peifeng (*Deputy Chairman*)
 Mr. Zhang Hesheng (*Deputy Chairman*)
 (*Chairman of Remuneration Committee*)
 Mr. Jin Song
 Mr. Yan Wing Cheung

主要企業管治原則及常規 (續)

董事會 (續)

責任 (續)

本公司之日常管理、行政及營運乃委托董事總經理及管理層負責。本公司委托之職能及工作會定期進行檢討。上述主管人員於進行任何重大交易前，必須取得董事會事先批准。

董事會獲得董事總經理及管理人員全力支持，以履行其職責。

組成

董事會之成員集各方專長技能和經驗，以達致獨立決策及滿足業務需求。

本公司董事會由以下董事組成：

執行董事

徐瑞新先生 (*榮譽主席*)
 劉京先生 (*主席*)
 莫世康先生 (*董事總經理*)
 (*薪酬委員會成員*)
 朱培風先生 (*副主席*)
 張和生先生 (*副主席*)
 (*薪酬委員會主席*)
 靳松先生
 甄永祥先生

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THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

THE BOARD (Continued)

Independent Non-Executive Directors

- Mr. Wong Shing Kay, Oliver
(Chairman of Audit Committee and Member of Remuneration Committee)
- Mr. Liu Junmin
(Member of Remuneration Committee and Audit Committee)
- Mr. Tan Qinglian
(Member of Remuneration Committee and Audit Committee)

None of the members of the Board is related to one another.

During the year ended 31 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 each independent non-executive director of his 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.

The independent non-executive directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive directors will scrutinize the performance of the Company.

主要企業管治原則及常規(續)

董事會(續)

獨立非執行董事

- 黃承基先生
(審核委員會主席兼薪酬委員會成員)
- 劉駿民先生
(薪酬委員會兼審核委員會成員)
- 譚慶璉先生
(薪酬委員會兼審核委員會成員)

董事會成員彼此概無關係。

於截至二零零六年三月三十一日止年度之任何時間，董事會均符合上市規則有關委任至少三名獨立非執行董事之規定，其中至少一名獨立非執行董事具備適當專業資格或會計或相關財務管理專門知識。

本公司已接獲各獨立非執行董事根據上市規則規定就彼之獨立性作出之年度書面確認。本公司認為，根據上市規則所載有關董事獨立性之指引，全體獨立非執行董事均為獨立人士。

獨立非執行董事為董事會引入廣泛之業務及財務專業知識、經驗及獨立判斷。全體獨立非執行董事將透過積極參與董事會會議，於管理涉及潛在利益衝突之事項扮演領導角色，以及出任董事委員會成員，監察本公司之表現。

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THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

THE BOARD (Continued)

Appointment and Succession Planning of Directors

The Company has established formal, considered and transparent procedures for the appointment and succession planning of directors. Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The independent non-executive directors are not appointed for a specific term. However, all non-executive directors are subject to the retirement and rotation requirements in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code Provision.

To comply with Code Provision A.4.2, relevant amendments to the Company's Bye-Laws were proposed and approved by the shareholders at the Company's annual general meeting held on 15 September 2005. Under the Company's existing Bye-Laws, every director, including those appointed for specific terms, should be subject to retirement by rotation at least once every three years. All directors appointed to fill a casual vacancy should be subject to election at the first and subsequent general meeting.

Training for Directors

Each newly appointed director receives comprehensive, formal induction to ensure that he/she has appropriate understanding of the business and his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to directors whenever necessary.

主要企業管治原則及常規 (續)

董事會 (續)

董事之委任及接任計劃

本公司已就董事之委任及接任，確立正式、周詳及具透明度之程序。守則條文第A.4.1條訂明，非執行董事之委任應有特定任期，並須膺選連任。守則條文第A.4.2條訂明，所有獲委任填補臨時空缺之董事須於彼等獲委任後首個股東大會上由股東選舉。各董事(包括該等按特定任期委任者)須最少每三年輪席退任一次。

獨立非執行董事並無指定任期。惟所有非執行董事須遵守本公司組織章程細則之規定輪席退任。因此，董事會認為已採取足夠措施確保本公司之企業管治常規可媲美守則條文所規定者。

為遵守守則條文第A.4.2條，本公司已於二零零五年九月十五日舉行之股東週年大會上提呈對本公司組織章程細則作出有關修訂之建議並已獲股東批准。根據本公司現時之組織章程細則，所有董事(包括有特定任期之董事)均須至少每三年輪席退任一次。所有為填補臨時空缺而獲委任之董事應在首次股東大會及繼後之股東大會上進行選舉。

董事培訓

每名新任董事均接受全面及正式就職介紹，以確保彼正確瞭解業務和彼之職責以及於上市規則及有關監管規例下之責任。

如有需要，本公司亦會持續安排為董事提供簡報及專業發展培訓。

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THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

主要企業管治原則及常規(續)

THE BOARD (Continued)

董事會(續)

Board Meetings

董事會會議

During the year under review, four full board meetings were held. Details of the attendance of the Directors are as follows:

於回顧年內，本公司召開四次全體董事會會議，各董事的出席率如下：

| | | Directors' Attendance |
|--|----------------|-----------------------|
| | | 出席次數 |
| Executive Directors | 執行董事 | |
| Mr. Xu Ruixin (<i>Honourable Chairman</i>) | 徐瑞新先生 (榮譽主席) | 4/4 |
| Mr. Liu Jing (<i>Chairman</i>) | 劉京先生 (主席) | 4/4 |
| Mr. Mo Shikang (<i>Managing Director</i>) | 莫世康先生 (董事總經理) | 4/4 |
| Mr. Zhu Peifeng (<i>Deputy Chairman</i>) | 朱培風先生 (副主席) | 4/4 |
| Mr. Zhang Hesheng (<i>Deputy Chairman</i>) | 張和生先生 (副主席) | 4/4 |
| Mr. Jin Song | 靳松先生 | 4/4 |
| Mr. Yan Wing Cheung | 甄永祥先生 | 4/4 |
| Independent Non-Executive Directors | 獨立非執行董事 | |
| Mr. Liu Junmin | 劉駿民先生 | 4/4 |
| Mr. Tan Qinglian | 譚慶璉先生 | 4/4 |
| Mr. Wong Shing Kay, Oliver | 黃承基先生 | 4/4 |

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

董事會定期會議通告最少於會議舉行前14天送達各董事。至於其他董事會會議及委員會會議，一般會發出合理通知。

Agenda and Board papers together with all appropriate information are sent to all directors at least three days before each Board meeting or committee meeting to give an opportunity and sufficient time to include matters in the agenda. The Board is also obligated to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the executives whenever necessary.

議程及董事會文件以及所有適用資料，最少於各董事會會議或委員會會議舉行前3天寄交各董事，以便各董事有機會及充足時間提出商討事項列入議程。董事會亦有責任使董事知悉本公司之最新動向及財政狀況以及確保彼等可做出知情決定。董事會及各董事亦可於需要時個別與行政人員獨立接觸。

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THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

THE BOARD (Continued)

Board Meetings (Continued)

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection. Directors are entitled to have access to board papers and queries will be responded fully. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. Such director must abstain from voting and will not be counted as quorum.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the Chairman of the Board and the Managing Director, who performs similar role as Chief Executive Officer, to ensure a balance of power and authority. The respective responsibilities of the Chairman and the Managing Director are clearly defined and set out in writing. The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the management, the Chairman is also responsible for ensuring that the directors receive adequate information and appropriate briefing on issues arising at Board meetings.

The Managing Director focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Managing Director is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval. The position of the Chairman is held by Mr. Liu Jing while the position of the Managing Director is held by Mr. Mo Shikang.

主要企業管治原則及常規 (續)

董事會 (續)

董事會會議 (續)

公司秘書負責記錄及保存各董事會會議及委員會會議之會議記錄。會議記錄草稿一般會在各會議結束後之合理時間內向董事傳閱以收集意見，定稿可公開供董事查閱。董事均有權查閱董事會文件，其疑問將得到充分答覆。根據現時董事會常規，任何涉及主要股東或董事利益衝突之重大交易將由董事會正式召開董事會會議予以考慮及處理。該董事必須放棄投票及不應計入法定人數內。

主席及行政總裁

本公司全面支持董事會主席與董事總經理(其履行與行政總裁類似之職能)間之責任區分，以確保權力及職權之平衡分配。主席及董事總經理各自之責任有明確界定，並以書面訂明。主席擔當領導角色，負責確保董事會按照良好企業管治常規有效運作。在管理層支持下，主席亦負責確保董事獲得足夠之資料及獲適當簡介董事會會議事宜。

董事總經理主要負責執行經董事會批准及授權之目標、政策及策略。彼負責本公司之日常管理及運作。董事總經理亦負責制定策略計劃及擬定組織架構、監控制度及內部程序，以供董事會批准。主席職位由劉京先生出任，而董事總經理之職由莫世康先生出任。

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THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

BOARD COMMITTEES

The Board has established two committees, namely, the Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and are available to shareholders upon request. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Remuneration Committee

Mr. Zhang Hesheng, Mr. Mo Shikang, Mr. Liu Junmin, Mr. Tan Qinglian and Mr. Wong Shing Kay, Oliver are the members of the Remuneration Committee and Mr. Zhang Hesheng is the chairman of the committee. The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the executives after consultation with the Chairman/Managing Director and accessed to professional advice, at the Company's expense, when necessary. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The Remuneration Committee normally meets towards the end of each year for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive directors and the executives and other related matters. The Remuneration Committee met once during the year ended 31 March 2006 and reviewed the remuneration policy and structure of the Company and remuneration packages of the executive directors and the executives for the year under review.

主要企業管治原則及常規(續)

董事委員會

董事會已成立兩個委員會，分別為薪酬委員會及審核委員會，以監察本公司特定方面之事務。本公司各董事委員會均以書面界定職權範圍。董事委員會之職權範圍載於本公司網站及需要時可供股東索閱。董事委員會獲提供足夠資源以履行其職務，並於適當情況下可提出合理要求徵詢獨立專業意見，費用由本公司承擔。

薪酬委員會

張和生先生、莫世康先生、劉駿民先生、譚慶璉先生及黃承基先生為薪酬委員會成員，而張和生先生為委員會主席。薪酬委員會之主要目標，包括在諮詢主席／董事總經理之意見並於必要時徵詢專業意見(費用由本公司承擔)後，就執行董事及行政人員之薪酬政策及架構以及薪酬福利作出建議及審批。薪酬委員會亦負責確立具透明度之程序，以擬定有關薪酬政策及架構，確保概無董事或彼任何聯繫人士將參與決定彼之個人薪酬，有關薪酬將參考個人及本公司表現以及市場慣例及狀況釐定。薪酬委員會一般於每年年底前舉行會議，檢討薪酬政策及架構，釐定執行董事及行政人員之每年薪酬福利及其他相關事宜。於截至二零零六年三月三十一日止年度內，薪酬委員會曾舉行一次會議，檢討本公司之薪酬政策及架構，以及執行董事及行政人員於回顧年度之薪酬福利。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

主要企業管治原則及常規 (續)

BOARD COMMITTEES (Continued)

董事委員會 (續)

Remuneration Committee (Continued)

薪酬委員會 (續)

Details of attendance record of members of the Remuneration Committee are set out below:

薪酬委員會各成員之出席記錄詳情如下：

| Name of member | 薪酬委員會成員姓名 | Meeting attended 出席會議情況 |
|---|------------------|----------------------------|
| Zhang Hesheng (Chairman of Remuneration Committee) | 張和生 (薪酬委員會主席) | 1/1 |
| Mo Shikang | 莫世康 | 1/1 |
| Liu Junmin | 劉駿民 | 1/1 |
| Tan Qinglian | 譚慶璉 | 1/1 |
| Wong Shing Kay, Oliver | 黃承基 | 1/1 |

Audit Committee

審核委員會

The Audit Committee comprises the three independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise) and Mr. Wong Shing Kay, Oliver is the chairman of the committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

審核委員會由三名獨立非執行董事(包括一名具備適當專業資格或會計或相關財務管理經驗之獨立非執行董事)組成，而黃承基先生為委員會主席。審核委員會成員概非本公司現任外聘核數師之前任合夥人。

The main duties of the Audit Committee include the following:

審核委員會之主要職責包括下列各項：

- | | |
|---|--|
| <p>(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer (if any) or external auditors before submission to the Board.</p> | <p>(a) 審閱財務報表及報告，考慮合資格會計師、合規主任(如有)或外聘核數師提出之任何重大或不尋常事項，然後提交董事會。</p> |
| <p>(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditors.</p> | <p>(b) 根據外聘核數師履行之工作、其收費及委聘條款，檢討與該核數師之關係，並就委聘、續聘及撤換外聘核數師之事宜，向董事會提出推薦意見。</p> |
| <p>(c) To review the adequacy and effectiveness of the Company's financial reporting system, and risk management system and associated procedures.</p> | <p>(c) 檢討本公司財務報告系統及風險管理系統以及相關程序是否足夠及有效。</p> |

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The Audit Committee held two meetings during the year ended 31 March 2006 to review the financial results and reports, financial reporting and compliance procedures and the re-appointment of the external auditors. There is no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Sufficient resources is provided by the Company for the Audit Committee to perform its duties.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee held two meetings during the year under review. Details of the attendance of the Audit Committee Meetings are as follows:

主要企業管治原則及常規(續)

董事委員會(續)

審核委員會(續)

於截至二零零六年三月三十一日止年度內，審核委員會曾舉行兩次會議，以審閱財務業績及報告、財務報告及合規程序以及續聘外部核數師事宜。現時並無存在可能令本公司持續經營之能力出現重大疑問之事件或情況相關之重大不明朗因素。本公司為審核委員會提供足夠資源以便其履行有關職責。

董事會及審核委員會就篩選、委任、辭退或解聘外部核數師並不存在意見分歧。

審核委員會於回顧年度內曾舉行兩次會議。審核委員會會議之詳細出席情況如下：

Members' Attendance 成員出席率

| | | |
|---|--------------------|-----|
| Mr. Wong Shing Kay, Oliver (Chairman of Audit Committee) | 黃承基先生 (審核委員會主席) | 2/2 |
| Mr. Liu Junmin | 劉駿民先生 | 2/2 |
| Mr. Tan Qinglian | 譚慶璉先生 | 2/2 |

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

BOARD COMMITTEES (Continued)

Auditors' remuneration

For the year ended 31 March 2006, the Group had engaged the Group's external auditors, Deloitte Touche Tohmatsu, to provide the following services and their respective fees charged are set out as below:

Fees Charged for the year ended 31 March

| Types of Services | 服務種類 | 2006 | 2005 |
|--|------------|--------------------------|--------------------------|
| | | 二零零六年 HK\$'000 千港元 | 二零零五年 HK\$'000 千港元 |
| Audit for the year | 本年度核數 | 1,980,000 | 1,280,000 |
| Non-audit services – interim review | 非核數服務－中期審閱 | 720,000 | – |
| Non-audit services – taxation services | 非核數服務－稅務服務 | – | – |
| Non-audit services – others | 非核數服務－其他 | – | – |
| Total | 總計 | 2,700,000 | 1,280,000 |

Nomination Committee

The Company does not have a Nomination Committee. The Board as a whole is responsible for the procedure for agreeing to the appointment of its members and for nominating appropriate person for election by shareholders at the annual general meeting either to fill a casual vacancy or as an addition to the existing directors.

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.

主要企業管治原則及常規 (續)

董事委員會 (續)

核數師酬金

截至二零零六年三月三十一日止年度，本集團已委聘外部核數師德勤·關黃陳方會計師行提供下列服務，各項服務之收費載列如下：

截至三月三十一日止年度之收費

| | 2006 | 2005 |
|--|--------------------------|--------------------------|
| | 二零零六年 HK\$'000 千港元 | 二零零五年 HK\$'000 千港元 |
| Audit for the year | 1,980,000 | 1,280,000 |
| Non-audit services – interim review | 720,000 | – |
| Non-audit services – taxation services | – | – |
| Non-audit services – others | – | – |
| Total | 2,700,000 | 1,280,000 |

提名委員會

本公司並無成立提名委員會。董事會整體負責協定委任董事以及提名適當人選供股東在股東週年大會選舉以填補臨時空缺或出任新增董事職位之程序。

證券交易標準守則

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的標準守則（「標準守則」）。

本公司已向全體董事作出特別查詢，而董事已確認彼等於截至二零零六年三月三十一日止整個年度一直遵守標準守則。

CORPORATE GOVERNANCE REPORT

企業管治報告

MODEL CODE FOR SECURITIES TRANSACTIONS (Continued)

The Company has adopted the same Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Responsibilities in respect of the Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2006. 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 48 and 49. Management of the Company is obligated to provide explanation and information to the Board to make informed assessment of relevant matters.

INTERNAL CONTROL

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interests of shareholders and the assets of the Group. The Board has reviewed the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management functions. A review will be conducted at least annually on the effectiveness of the system of internal controls.

證券交易標準守則 (續)

本公司已就可能得悉本公司未公佈之股價敏感資料之僱員進行之證券交易採納相同標準守則。

本公司並不知悉有關僱員不遵守標準守則之事件。

有關財務報表之責任

董事會負責呈列平衡、清晰及易懂之年度及中期報告、股價敏感公佈及上市規則及其他監管規定所要求之其他財務披露。董事確悉其就編製本公司於截至二零零六年三月三十一日止年度財務報表之責任。本公司外部核數師就其對財務報表申報責任之聲明載於第48和49頁之「核數師報告」。本公司管理層須向董事會提供解釋及資料以便其就有關事宜作出知情決定。

內部監控

董事會整體對本公司之內部監控系統負責及須檢討其成效。董事會致力實行有效及完善之內部監控系統以保障股東利益及本集團資產。董事會已檢討內部監控系統之實行及檢討所有相關財務、營運、合規監控及風險管理功能。董事會每年至少對內部監控系統之成效進行一次檢討。

CORPORATE GOVERNANCE REPORT

企業管治報告

INVESTORS RELATIONS

The Company is committed to maintain an open and effective investors relations policy and to update investors on relevant information/developments in a timely manner, subject to relevant regulatory requirements. Briefings and meetings with institutional investors and analysts are conducted from time to time. The Company also replied the enquiries from shareholders timely. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries.

SHAREHOLDER RIGHTS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-Laws. Details of such rights and procedures are included in all circulars to shareholders convening shareholders' meetings and will be explained during the proceedings of meetings. Whenever voting by way of a poll is required, the detailed procedures for conducting a poll will be explained.

Poll results will be counted by the Company's Hong Kong Branch Share Registrar, Tengis Limited, and will be published in newspapers on the business day following the shareholders' meeting and posted on the website of the Stock Exchange. The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings.

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

投資者關係

本公司致力按照有關監管規定，維持公開及有效的投資者關係政策，並適時向投資者提供最新的業務資料／發展。本公司不時與機構投資者及分析員會面及簡報，亦及時回應股東查詢。董事每年主持股東週年大會，會見股東及回應彼等之提問。

股東權利

股東於股東大會上要求就決議案進行投票表決之權利及程序載於本公司之組織章程細則。該等權利及程序詳情載於向股東發出召開股東大會之所有通函內，並將於大會舉行期間進行解釋。如有要求以投票方式表決，將會解釋進行投票表決之詳細程序。

投票表決之結果將由本公司之香港股份登記分處登捷時有限公司進行統計，並將於股東大會後下一個營業日在報章上公佈及刊登於聯交所網頁。本公司之股東大會為股東與董事會提供溝通之良機。董事會主席及薪酬委員會及審核委員會主席或(在其缺席時)各委員會之其他委員及(倘適用)獨立董事委員會在股東大會上回答問題。

股東大會上會就各重要事項(包括推選個別董事)個別提呈決議案。