

Corporate Governance Report

INTRODUCTION

Maintaining high standards of business ethics and corporate governance practices has always been one of the Group's goals. The Group believes that by conducting its business in a socially responsible and honest manner, the long-term interests of the Group can be best achieved and the shareholders' interests can be maximised.

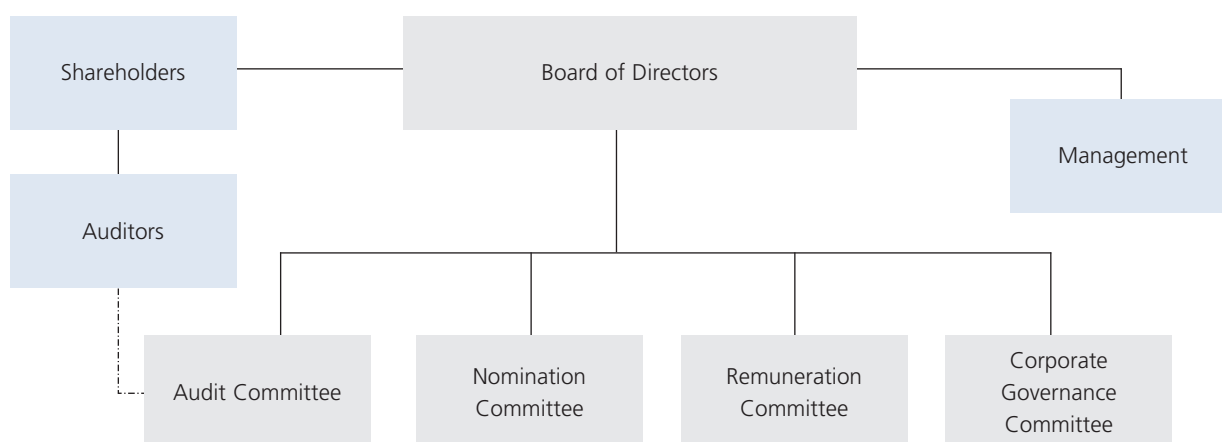
CORPORATE GOVERNANCE PRACTICES

By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved and further instill confidence into shareholders and the public in the Group. Throughout the year ended 30 June 2013, the Group has complied with all code provisions in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules (the "Code").

The Board has continued to monitor and review the corporate governance principles and practices to ensure compliance.

Governance Structure

Set out below is the governance structure of the Group.



THE BOARD OF DIRECTORS

The Board has overall responsibility for leadership, strategic direction, control and performance of the Group and for promoting the success of the Group by directing and supervising its affairs.

The Board is also responsible for supervising the management of the Group (the "Management") and has delegated the responsibility for day-to-day operations and management of the Group's businesses to the Management.

Composition

The Board currently comprises fourteen Directors, including the Chairman (being an Executive Director), the other four Executive Directors, four Non-Executive Directors and five Independent Non-Executive Directors. An updated list of Directors identifying their roles and functions and whether they are Independent Non-Executive Directors has been published on the websites of the Company and the Stock Exchange respectively. As announced by the Company on 18 July 2013, Mr. Ma Kam-sing, Allen has tendered his resignation as an Independent Non-Executive Director of the Company with effect from 15 October 2013. The Company is identifying a suitable candidate to fill the vacancy to be caused by the resignation of Mr. Ma so as to meet the requirements of Rule 5.05A of the GEM Listing Rules.

In addition, as announced by the Company on 10 September 2013, Mr. Tsim Wing-kit, Alfred is re-designated as a Non-Executive Director of the Company and will therefore cease to act as Chief Executive Officer of the Company with effect from 15 October 2013; and Mr. Yan King-shun, Peter is appointed as Executive Director and Chief Executive Officer of the Company with effect from the same day. Biographical details of the Directors are set out in the Directors' profiles on pages 8 to 16 of this Annual Report.

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There are currently nine Non-Executive Directors, of whom five are independent. Such is considered by the Board to be a reasonable balance between Executive Directors and Non-Executive Directors, providing necessary checks and balances for safeguarding the interests of shareholders and the Group. The Non-Executive Directors provide to the Group a wide range of expertise and experience and play an important role in the work of the Board, as well as ensure that the interests of all shareholders are taken into account. They contribute to the development of the Group's strategy and policies through their informed comments and criticism. They are also responsible for participating in the Board meetings, dealing with potential conflicts of interests, scrutinising the Group's performance and reporting, and attending general meetings and developing a balanced understanding of the views of the shareholders. Some of them also serve on the Audit, Remuneration and Nomination Committees. Through their participation, they give to the Board (and its Committees (the "Board Committees") as mentioned herein below they serve on) the benefit of their skills, expertise and background experience, and the management process can be critically reviewed and controlled.

The overall responsibilities of the Board include considering and making decisions on the following matters:

- setting the corporate goals of the Group and formulating the Group's strategy and monitoring the implementation thereof;
- diversification and extension of activities into new business areas/cessation of operation of any material parts of its existing businesses;
- approving the annual, half-year and quarterly results;
- dividend policy;
- material changes to capital structure;
- major financing arrangements;
- material acquisitions and disposals;
- ensuring the integrity of the Group's accounting and financial reporting system and public announcements;
- reviewing and monitoring the Group's internal control systems;
- the Group's policies and practices on corporate governance and effective compliance practice;
- approval of resolutions and corresponding documentation for shareholder approval;
- Board membership and other appointments;
- membership and terms of reference of Board Committees; and
- monitoring the performance of the Management.

In full compliance with Rules 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed five Independent Non-Executive Directors; and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. The Group has received from each Independent Non-Executive Director an annual confirmation of his independence, and the Group considers such Directors to be independent in accordance with each and every guideline set out in Rule 5.09 of the GEM Listing Rules.

All Independent Non-Executive Directors of the Company are identified as such in all corporate communications containing the names of the Directors.

Mr. Kwok Ping-luen, Raymond (the Chairman of the Company) and Mr. Kwok Ping-sheung, Walter (Non-Executive Director of the Company) are brothers. Save as disclosed above, there is no family or other material relationship among members of the Board.

Formal service agreements and letters of appointment have been issued to the Executive Directors and the Non-Executive Directors (including the Independent Non-Executive Directors) respectively setting out the key terms and conditions of their respective appointments.

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The insurance cover in respect of legal action against the Company's Directors is covered by the existing Directors & Officers Liability Insurance Policy of Sun Hung Kai Properties Limited ("SHKP", the ultimate holding company of the Company).

Materials setting out the duties and responsibilities for Director of a listed company under the GEM Listing Rules, the Securities and Futures Ordinance and other regulatory requirements are provided to each newly appointed Director, if any. Updates on legal and regulatory changes are delivered to Directors from time to time for their information when necessary. All Directors give sufficient time and attention to the affairs of the Group. Directors also disclose to the Company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments together with the identities of these public companies or organisations and the time involved. The Company also confirms with the Directors regularly in respect of any offices which they may hold in other public companies or organisations.

Board Meetings

The Board regularly meets in person and four regular Board meetings and two other Board meetings were held during the year ended 30 June 2013. At least 14 days formal notice of regular Board meetings were given to all Directors, who were all given an opportunity to attend and include matters in the agenda for discussion. The finalised agenda and accompanying Board papers were sent to all Directors at least 3 days prior to the regular Board meetings or Board Committees meetings. For other Board meetings, Directors were given reasonable notice. The Board papers and related materials were in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it. Directors received prompt and full response whenever they raised any queries.

The Company Secretary assists the Chairman in preparing the agenda for each Board meeting, keeping minutes of Board meetings and meetings of Board Committees, and ensures that all applicable rules and regulations are followed. Draft Board minutes are circulated to all Directors for comment as soon as practicable after the meeting. The minutes of each Board meeting and Board Committees meeting recording in sufficient detail the matters considered and decisions reached at the meeting are available for inspection at any reasonable time on reasonable notice by any Director.

During the year ended 30 June 2013, six Board meetings were held and the individual attendance record of each Director is as follows:

Directors	Number of meeting(s) Attended/Total
Executive Directors	
Kwok Ping-luen, Raymond (<i>Chairman</i>)	4/6
Tsim Wing-kit, Alfred	6/6
Tung Chi-ho, Eric	4/6
Wong Chin-wah	4/6
So Wai-kei, Godwin	6/6
Non-Executive Directors	
Kwok Ping-sheung, Walter	0/6
Kwok Ping-kwong, Thomas*	0/2
Cheung Wing-yui	6/6
Chan Kui-yuen, Thomas*	1/2
So Chung-keung, Alfred*	2/2
Siu Hon-wah, Thomas	6/6
John Anthony Miller	6/6
Independent Non-Executive Directors	
Li On-kwok, Victor	5/6
King Yeo-chi, Ambrose	6/6
Wong Kai-man	6/6
Kwok Kwok-chuen	4/6
Ma Kam-sing, Allen	4/6

* retired on 1 November 2012

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All Directors have access to relevant and timely information at all times as the Management will supply the Board and the Board Committees with all relevant information in a timely manner. They may make further enquiries if in their opinion it is necessary or appropriate to request for further information. They also have unrestricted access to the advice and services of the Company Secretary, who is responsible to the Board for providing Directors with Board papers and related materials, and ensuring that all Board procedures and all applicable rules and regulations are followed. If considered to be necessary and appropriate by the Directors, they may upon reasonable request seek independent professional advice at the Company's expense.

In case where a conflict of interest may arise involving a substantial shareholder or a Director, such matter will be discussed through a physical meeting and will not be dealt with by written resolutions. Independent Non-Executive Directors with no conflict of interest will be present at meetings involving such conflicting issues.

Chairman of the Company

The Chairman of the Company is Mr. Kwok Ping-luen, Raymond and the Chief Executive Officer of the Company is Mr. Tsim Wing-kit, Alfred. The roles of the Chairman and the Chief Executive Officer are segregated and not performed by the same individual to avoid power being concentrated on any one individual. The Chairman is primarily responsible for managing the Board, whereas the Chief Executive Officer is primarily responsible for overseeing the various businesses of the Group. Their respective roles and responsibilities are summarised as follows:

Responsibilities of the Chairman

- leading the Board and ensuring that the Board functions effectively and smoothly;
- chairing the Board and shareholder's meetings;
- approving the agenda for each Board meeting, taking into account, where appropriate, any matters proposed by the other Directors and the Company Secretary for inclusion in the agenda;
- ensuring that all Directors receive all relevant information prior to each meeting and are properly briefed on issues arising at Board meetings;
- ensuring all key and appropriate issues are discussed by the Board in a timely and constructive manner;
- encouraging all Directors, including the Independent Non-Executive Directors, to actively participate in all Board and Board Committees meetings and promoting a culture of openness for the Directors to share and voice their concerns on all matters during each meeting;
- ensuring good corporate governance practices and procedures are established and followed; and
- taking appropriate steps to provide effective communication with shareholders and to ensure that shareholders' views are communicated to the Board as a whole.

Responsibilities of the Chief Executive Officer

- implementing the Group's policy and strategies as set by the Board;
- strategic planning of different business and functions;
- closely monitoring operational and financial results in accordance with plans and budgets;
- assuming full accountability to the Board for all aspects of the Group's operations and performance;
- maintaining ongoing dialogue with the Chairman and the other Directors;
- developing and leading an effective executive team;
- putting adequate operational, planning and financial-control systems in place; and
- representing the Company and managing the Group's day-to-day business.

Corporate Governance Report

Training and Support for Directors

All Directors, including Non-Executive Directors and Independent Non-Executive Directors, should keep abreast of their collective responsibilities as Directors and of the businesses and activities of the Group. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and updates all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

During the year ended 30 June 2013, regulatory updates were given by the Company to the Directors for their information. In addition, during the year ended 30 June 2013, the Directors also provided their training record to the Company in respect of their participation in other training activities such as attending seminars, preparing materials and giving talks at seminars, conferences or forums, or reading newspapers, journals and updates relevant to the Company's businesses or to their duties and responsibilities as directors of a listed company, particulars of which are as follows:

Directors	Type of trainings
Executive Directors	
Kwok Ping-luen, Raymond	A, B, C
Tsim Wing-kit, Alfred	A, B, C
Tung Chi-ho, Eric	C
Wong Chin-wah	C
So Wai-kei, Godwin	A, C
Non-Executive Directors	
Kwok Ping-sheung, Walter	C
Cheung Wing-yui	A, B, C
Siu Hon-wah, Thomas	A, B, C
John Anthony Miller	A, C
Independent Non-Executive Directors	
Li On-kwok, Victor	A, C
King Yeo-chi, Ambrose	B, C
Wong Kai-man	A, B, C
Kwok Kwok-chuen	A, B, C
Ma Kam-sing, Allen	B, C

A: Attending seminars and/or conferences

B: Preparing materials and giving talks at seminars and/or conferences and/or forums

C: Reading newspapers, journals and updates relevant to the businesses of the Group or to the Director's duties and responsibilities

Compliance with the required standard of dealings in Securities Transactions by Directors of Listed Issuers

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in the securities of the Company. Upon the Group's specific enquiry, each Director has confirmed that during the year ended 30 June 2013, he has fully complied with the required standard of dealings and there is no event of non-compliance. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

DELEGATION BY THE BOARD

As stated above, the Board is responsible for decisions in relation to the overall strategy and development of the Group's businesses, for setting its corporate goals, and for supervising the overall management and operation of the businesses and affairs of the Group. Due to the diversity and volume of the Group's business, responsibilities in relation to the daily operations and execution of the strategic business plans are delegated to the Management. The Management reports back and in certain situations has to obtain prior approval from the Board before making decisions on the Company's behalf. The Board gives clear directions as to the powers of the Management, and periodically reviews all delegations to the Management to ensure that such delegations are appropriate and continue to be beneficial to the Group as a whole.

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The Management, led by the Chief Executive Officer and comprising a team of senior managers who have wide experience and expertise in different areas, is responsible for managing the day-to-day operations, implementing the strategies set by the Board, and assisting the Board in formulating and implementing corporate strategies.

The Board has established the Board Committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee (all chaired by an Independent Non-Executive Director), as well as the Corporate Governance Committee, all with specific terms of reference clearly defining the powers and responsibilities of the respective Board Committees. All Board Committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions. All Board Committees have adopted the applicable practices and procedures used in Board meetings for their respective meetings.

The Company Secretary is responsible to the Board for providing Directors with Board papers and related materials, for ensuring that all Board procedures and all applicable laws, rules and regulations are followed, and for reporting to the Chairman and the Chief Executive Officer on governance matters. All members of the Board have unrestricted access to the advice and services of the Company Secretary. The Company Secretary also keeps minutes of all meetings which are available for inspection at any reasonable time on reasonable notice by any Director.

The appointment and removal of the Company Secretary is subject to the Board's approval at physical Board meeting. The Company Secretary has complied with all the qualifications, experience and training requirements of the GEM Listing Rules.

AUDIT COMMITTEE AND ACCOUNTABILITY

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The Directors acknowledge their responsibility for preparing the accounts of the Company, which give a true and fair view of the financial position of the Group on a going concern basis, and for presenting a balanced, clear and understandable assessment in its annual, half-year and quarterly reports, other inside information announcements and other financial disclosures required by the GEM Listing Rules. The Management provides sufficient explanation and all relevant information and record to the Board enabling the Board to make the above assessment and to prepare the accounts and other financial disclosures. The Management also provides the Board with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules. In addition, an explanation of the basis on which the Company generates or preserves value over the longer term and the strategy for delivering the Company's objectives is included in the Management Discussion and Analysis section on pages 6 and 7 of this Annual Report. A statement by the external auditor of the Company in respect of their reporting responsibilities is set out in the Independent Auditor's Report on page 45 of this Annual Report.

In full compliance with Rule 5.28 of the GEM Listing Rules, the Audit Committee, established in 2000, is currently chaired by Mr. Wong Kai-man, an Independent Non-Executive Director, and the other members are Professor Li On-kwok, Victor, Professor King Yeo-chi, Ambrose and Mr. Cheung Wing-yui, with the majority being Independent Non-Executive Directors of the Company.

The Audit Committee's primary duties include reviewing the Group's financial reports, internal control and risk management systems in order to ensure the presentation of a true and balanced assessment of the Group's financial position and corporate governance; making recommendation to the Board on the appointment of auditor; and reviewing financial and accounting policies and practices adopted by the Group. Other duties of the Audit Committee are set out in its specific terms of reference, which are posted on the websites of the Company and the Stock Exchange respectively. The Audit Committee is provided with sufficient resources enabling it to perform its duties.

No former partner of the Company's existing auditing firm acted as a member of the Audit Committee within one year from the date of ceasing to be a partner or ceasing to have any financial interest in the auditing firm, whichever is the later.

The Company Secretary keeps minutes of all Audit Committee meetings. In line with practices consistent with Board meetings and meetings of the Remuneration Committee and the Nomination Committee, draft and final versions of Audit Committee meeting minutes are circulated to all members of the Audit Committee as soon as practicable after each meeting.

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During the year ended 30 June 2013, the Audit Committee held five meetings. The individual attendance record of each member is as follows:

Committee Members	Number of meetings Attended/Total
Wong Kai-man (<i>Committee Chairman</i>)	5/5
Li On-kwok, Victor	4/5
King Yeo-chi, Ambrose	3/5
Cheung Wing-yui	5/5

During the year ended 30 June 2013, the Audit Committee reviewed the final, half-year and quarterly results of the Group as well as discussed and reviewed financial and other reports for the year. The Audit Committee also reviewed and discussed the Group's internal audit activities and audit plans for the upcoming year. Details of the relevant review are set out in the "Internal Control" section of this report.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The Audit Committee monitors the audit and non-audit services rendered to the Group by its external auditor and ensures their engagement in other non-audit services, if any, will not impair their audit independence or objectivity. An independent confirmation has been obtained from Deloitte Touche Tohmatsu which confirms that for the year ended 30 June 2013 and thereafter to the date of its report, they are independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

The fees in respect of audit and non-audit services provided by the external auditor to the Group for the year ended 30 June 2013 amounted to approximately HK\$933,000 and HK\$60,000 respectively. The non-audit service represented the review of preliminary announcement of results and the annual review of continuing connected transactions for the financial year in compliance with the GEM Listing Rules requirements.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005. The Chairman of the Remuneration Committee is Professor King Yeo-chi, Ambrose, an Independent Non-Executive Director of the Company, and the other members are Professor Li On-kwok, Victor, Mr. Wong Kai-man, Mr. Cheung Wing-yui and Mr. Tsim Wing-kit, Alfred, with the majority being Independent Non-Executive Directors of the Company.

As announced by the Company on 10 September 2013, Mr. Tsim Wing-kit, Alfred has tendered his resignation as a member of the Remuneration Committee of the Board with effect from 15 October 2013.

The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policy, determining the remuneration of Executive Directors and members of senior management of the Company, as well as reviewing and making recommendations on the grant of share options, if any, under the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. Details of remuneration paid to members of senior management by band is set out on page 65 of this Annual Report. The Remuneration Committee consults the Chairman and/or Chief Executive Officer on its proposals and recommendations, and also has access to independent professional advice if deemed necessary. The Remuneration Committee is also provided with sufficient resources enabling it to perform its duties. The specific terms of reference of the Remuneration Committee are posted on the websites of the Company and the Stock Exchange respectively.

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During the year ended 30 June 2013, the Remuneration Committee held three meetings. The individual attendance record of each member is as follows:

Committee Members	Number of meetings Attended/Total
King Yeo-chi, Ambrose (<i>Committee Chairman</i>)	3/3
Li On-kwok, Victor	3/3
Wong Kai-man	3/3
Cheung Wing-yui	3/3
Tsim Wing-kit, Alfred	3/3

During the year ended 30 June 2013, the Remuneration Committee reviewed matters relating to the remuneration packages and emoluments of Directors and senior management, as well as discussed the level of remuneration of the Group. The Board also confirmed the existing practice that the remuneration package of individual Executive Directors and senior management will be determined by the Remuneration Committee. The Group's emolument policy is set out on page 25 of this Annual Report .

NOMINATION COMMITTEE AND APPOINTMENT OF DIRECTORS

The Nomination Committee was established in 2005. The Chairman of the Nomination Committee is Professor Li On-kwok, Victor, an Independent Non-Executive Director of the Company, and the other members are Professor King Yeo-chi, Ambrose, Mr. Wong Kai-man, Mr. Cheung Wing-yui and Mr. Tsim Wing-kit, Alfred, with the majority being Independent Non-Executive Directors of the Company.

As announced by the Company on 10 September 2013, Mr. Tsim Wing-kit, Alfred has tendered his resignation as a member of the Nomination Committee of the Board with effect from 15 October 2013.

The Nomination Committee is responsible for formulating nomination policy, and making recommendations to the Board on nomination and appointment of Directors and Board succession. The Nomination Committee develops selection procedures of candidates for nomination, reviews the size, structure and composition of the Board, as well as assesses the independence of the Independent Non-Executive Directors. The Nomination Committee is provided with sufficient resources to perform its duties and, where necessary, to seek independent professional advice at the expense of the Company to perform its responsibilities. The specific terms of reference of the Nomination Committee are posted on the websites of the Company and the Stock Exchange respectively.

Nomination procedures include identification and nomination of qualified individuals by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee evaluates potential candidates considering factors such as professional expertise, relevant experience, personal ethics and integrity.

During the year ended 30 June 2013, the Nomination Committee held three meetings. The individual attendance record of each member is as follows:

Committee Members	Number of meetings Attended/Total
Li On-kwok, Victor (<i>Committee Chairman</i>)	3/3
King Yeo-chi, Ambrose	3/3
Wong Kai-man	3/3
Cheung Wing-yui	3/3
Tsim Wing-kit, Alfred	3/3

During the year ended 30 June 2013, the Nomination Committee has discussed and reviewed the structure, size and composition of the Board, as well as other related matters, including, among other things, the re-election of retiring Directors at the last annual general meeting held on 1 November 2012 (the "2012 AGM"). The Nomination Committee also established a board diversity policy, which was adopted by the Board on 7 May 2013. The board diversity policy sets out the approach to achieve diversity on the Board and the factors (including but not limited to age, gender, cultural and educational background, professional experience, skill and knowledge) to be considered in determining the optimum composition of the Board so as to contribute to the achievement of the Company's corporate goals and strategic objectives. The Nomination Committee will review the board diversity policy when appropriate to ensure its effectiveness and will discuss any revisions that may be required to be considered and approved by the Board. The Nomination Committee is of the view that the current diversity of the Board is appropriate.

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Term of Appointment and Re-election

All Non-Executive Directors are appointed for a specific term of not more than three years. All Directors shall retire from office by rotation and are subject to re-election at annual general meetings at least once every three years.

According to the Articles of Association, Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by shareholders.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established in February 2012. The Chairman of the Corporate Governance Committee is Mr. Tsim Wing-kit, Alfred, an Executive Director of the Company, and the other member is Mr. So Wai-kei, Godwin, who is also an Executive Director of the Company.

Mr. Tsim Wing-kit, Alfred will cease to act as a member of the Corporate Governance Committee with effect from 15 October 2013.

The duties of the Corporate Governance Committee include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board, reviewing the training and continuous professional development of Directors, and reviewing the Company's compliance with the code provisions of the Code and disclosures in this report.

During the year ended 30 June 2013, the Corporate Governance Committee held one meeting. The individual attendance record of each member is as follows:

Committee Members	Number of meeting Attended/Total
Tsim Wing-kit, Alfred (<i>Committee Chairman</i>)	1/1
So Wai-kei, Godwin	1/1

During the year ended 30 June 2013, the Corporate Governance Committee reviewed and discussed each of the code provisions of the Code to make sure that the Group has complied with the code provisions of the Code. In addition, the Corporate Governance Committee established a disclosure policy, which was adopted by the Board with effect from 1 January 2013. The disclosure policy sets out the procedures to ensure that any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated for the Board to decide the need for disclosure.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems, which are designed for safeguarding the Group's assets, maintaining proper accounts, and ensuring compliance with relevant regulations. The systems of internal control are aimed at mitigating the risks faced by the Group to an acceptable level, therefore such systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage risks of failure in the Group's operational systems.

Measures have been established to provide effective internal control systems, including a defined organisational structure with clear lines of responsibility and authority; an appropriate management reporting system; and a periodic control risk self-assessment conducted by major business units to ensure the adequacy of relevant risk mitigation plan.

For the year ended 30 June 2013, the Board has, through the Audit Committee and with the assistance of the Management and the internal and external auditors, conducted a review of the effectiveness of the Group's internal control systems, including without limitation financial control, operational control, compliance control and risk management functions. The Board is of the view that the internal control systems are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control systems. In addition, through the Audit Committee, the Board also considered the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function including their training programmes and budget.

The internal auditor adopts a risk-and-control-based approach to review all major operations of the Group. An audit plan would be formulated in a risk-weighted manner so that priorities and appropriate audit frequency could be given to areas with higher risks. Results of audit reviews in the form of audit reports are submitted to the members of the Audit Committee and discussed at the Audit Committee meetings. The internal audit reports are also followed up by the internal auditor to ensure that findings previously identified have been properly resolved.

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SHAREHOLDERS RELATIONS

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. This commitment to fair disclosure and comprehensive and transparent reporting of the Group's activities can be reflected in many aspects.

The Board strives to encourage and maintain constant dialogue with its shareholders through various means. The Chairman (with the assistance of the Company Secretary and the other Directors) has established a shareholders' communication policy to ensure that appropriate steps are taken to provide effective communication with shareholders of the Company. The annual general meetings and other general meetings, if any, of the Company are good communication channels for the Board to meet and exchange views with the Company's shareholders. The Directors use their best endeavour to attend the general meetings so that they may answer any questions from the Company's shareholders.

The Chairman of the Board, and the chairmen of the Audit, Remuneration and Nomination Committees attended the 2012 AGM and were available to answer questions. The external auditor also attended the 2012 AGM to answer questions.

The individual attendance record of each Director at the 2012 AGM is as follows:

Directors	Number of meeting Attended/Total
Executive Directors	
Kwok Ping-luen, Raymond (<i>Chairman</i>)	1/1
Tsim Wing-kit, Alfred	1/1
Tung Chi-ho, Eric	1/1
Wong Chin-wah	1/1
So Wai-kei, Godwin	1/1
Non-Executive Directors	
Kwok Ping-sheung, Walter	0/1
Cheung Wing-yui	1/1
Siu Hon-wah, Thomas	1/1
John Anthony Miller	1/1
Independent Non-Executive Directors	
Li On-kwok, Victor	1/1
King Yeo-chi, Ambrose	1/1
Wong Kai-man	1/1
Kwok Kwok-chuen	1/1
Ma Kam-sing, Allen	1/1

The 2012 AGM circular (incorporating the notice of annual general meeting and setting out details in relation to each resolution proposed, information on voting arrangement and other relevant information) was sent to all shareholders at least 20 clear business days before the 2012 AGM. Separate resolutions for each substantially separate issue (including the re-election of retiring Directors) were proposed at the general meeting. The procedures for conducting a poll were clearly explained at the general meeting. All resolutions put to shareholders at the general meeting were voted by way of poll and passed; and the results were published on the websites of the Company and the Stock Exchange.

The Company also communicates to its shareholders through its annual, half-year and quarterly reports. All such reports can also be accessed via the Company's website. The Directors, Company Secretary or other appropriate members of senior management also respond to inquiries from shareholders and investors promptly.

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Extraordinary general meetings shall be convened on the written requisition of any two or more shareholders deposited at the principal office of the Company in Hong Kong specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. Extraordinary general meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong specifying the objects of the meeting and signed by the requisitioner, provided that such requisitioner held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. Shareholders may put forward proposals at general meetings of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

Shareholders may send their enquiries to the Board by sending the same to the Company at the principal office of the Company in Hong Kong or by email to the Company at enquiry@SUNeVision.com.

The Company is committed to protecting the privacy right on all personal data collected from shareholders. When collecting personal data from the shareholders, the Company will specify in the relevant documents the purpose of collection and the use of personal data etc. Contact details are also provided to the shareholders for accessing and correcting their personal data.

INVESTOR RELATIONS

The Group continues to promote and strengthen its relationship with investors and potential investors. The Group meets regularly with analysts and participates in investor conferences.

As a channel to further enhance communications, the Company will disseminate announcements, corporate notice, and other financial and non-financial information through the Company's website in a timely manner. During the year ended 30 June 2013, there has been no change in the Company's memorandum and articles of association.