

Corporate Governance Report

The Board is committed to maintaining a high standard of corporate governance by devoting considerable efforts in identifying and formalizing best practices to enhance corporate value and transparency. To achieve this, the Board has established an Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee.

Board of Directors

The Board is now made up of 9 Directors including four Executive Directors, two Non-executive Directors, and three Independent Non-executive Directors. The Board has a balance of skills and experience appropriate for the requirements of the business. All Directors have separate and independent access to the advice and services of the senior management and the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.

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

The Board meets regularly and board meetings are held at least four times a year to monitor and review the performance of the Company that includes operations, finance and strategic issues. The principal functions of the Board are to:

- play a key role in the implementation and monitoring of internal control, financial reporting and risk management
- assume responsibility for corporate governance and compliance with applicable laws and regulations
- approve the Company's strategies, directions and financial objectives

For all of the Board meetings, proper and reasonable notices, adequate and appropriate information in the form of agenda, board papers and minutes are prepared for all the Directors and provided in reasonable time.

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Audit Committee

The Audit Committee was established pursuant to the Company's Bye-laws and the Listing Rules of the Stock Exchange of Hong Kong Limited ("The SEHK"). Its major duties are to assist the Board in fulfilling its oversight responsibilities as to the Company's financial statements, reporting, internal control, and audit findings, as well as the Company's process for monitoring compliance with certain laws and regulations.

In compliance with Rule 3.21 of the Listing Rules, the Audit Committee comprises three non-executive directors, the majority of whom are independent non-executive directors (within the meaning of the Listing Rules) ("INED"). The chairman of the Audit Committee is an INED, Mr. Henry W Lim, a CPA, who has the appropriate accounting qualifications and experience in financial matters.

The composition of the Audit Committee as at 31st March, 2005 was as follows: Mr. Henry W Lim, INED and Chairman, Dr. Wong Ho Ching, Chris, INED and member and Mr. Ng Ching Wo, Non-executive director and member. Mr. Brian C Beazer is the non-voting secretary of the Committee.

The Audit Committee holds regular meetings at least twice a year in connection with the release of the annual and interim results of the Group and at such other times as the Audit Committee may determine.

Compensation Committee

The Compensation Committee advises the Board on Group compensation theory and practice with a view that a meaningful portion of management's compensation should be contingent upon financial performance of the Company in order to foster the creation of long term shareholder value. The Compensation Committee meets twice a year and at other times as required.

The Committee comprises three directors who, in the reasonable opinion of the Board, there are able to exercise independent judgment in discharging their duties as a Compensation Committee member.

The Compensation Committee as at 31st March, 2005 comprises: Mr. Ramon Sy Pascual, INED and Chairman, Mr. Henry W Lim, INED and member and Mr. Brian C Beazer, Executive Chairman and member. Mr. Beazer has many years' experience in the field of executive compensation, commencing in this work in 15th February, 1968. He has recently retired as Chairman of the Compensation Committee of Beazer Homes USA, Inc., a NYSE-listed company, and is currently the Chairman of the Compensation Committee of Jacuzzi Brands, Inc., a NYSE-listed company.

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Nominating and Corporate Governance Committee ("NCGC")

The NCGC oversees the composition of the Board to ensure that qualified individuals meeting the criteria of The SEHK regulations serve as members of the Board and its committees. The NCGC also has the responsibility to develop, recommend to the Board and oversee the implementation of corporate governance principles and policies relating to the operation of the Board and its committee and the Company as a whole.

The NCGC Committee comprises three directors, a majority of whom are independent non-executive directors. The NCGC Committee as at 31st March, 2005 comprises: Dr. Wong Ho Ching Chris, INED and Chairman, Mr. Henry W Lim, INED and member, and Mr. Brian C Beazer, Executive Chairman and member.

The attendance records of the Directors are set out below:

Directors	No. of meetings attended/ No. of meetings held			
	Full Board	Audit Committee	Nominating & Corporate Governance Committee	Compensation Committee
<i>Executive Directors:</i>				
Mr. Brian C Beazer	5/5	2/2	1/1	3/3
Mr. David H Clarke	3/3	—	—	—
Mr. Simon N Hsu	4/5	—	—	2/2
Mr. Wong Hei Pui, Andy	5/5	2/2	—	—
Mr. Lawrence Oei (resigned on 2nd June, 2004)	1/1	—	—	—
Mr. Kan Yuk Chuen (resigned on 1st July, 2004)	1/1	—	—	—
<i>Non-executive Directors:</i>				
Mr. Ng Ching Wo	4/5	2/2	—	—
Mr. Teo Ek Tor	5/5	1/1	—	—
Mr. Ho Che Kong (resigned on 15th June, 2005)	5/5	—	—	—
Mr. Peter F Reilly (resigned on 29th September, 2004)	1/1	—	—	—
<i>Independent Non-executive Directors:</i>				
Dr. Wong Ho Ching, Chris	4/5	—	1/1	1/1
Mr. Henry W Lim	3/3	1/1	1/1	1/1
Mr. Ramon Sy Pascual	2/5	—	—	1/1
Number of meeting held during 2004/2005	5	2	1	3