



The issue of corporate governance is all the more important to investors nowadays as it has become a key criterion for measuring a listed company's management quality and investment value. Magician has always strived to maintain the highest ethical standards and to ensure that business is conducted in the best interests of its investors and shareholders.

AUDIT COMMITTEE

An Audit Committee was established in Magician in August 2000. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The current committee comprises two independent non-executive directors, Mr Fok Kam Chau, Peter and Mr Wong Hui Ching, Jeffrey, and one non-executive director, Mr Lau Kin Hon.

MANAGEMENT MEETING

The Group has always placed stress upon the importance of internal communication. Thus, senior management meetings were held on a regular basis to report on business and operational progress, as well as financial matters. The Group has also taken into account feedback from customers both overseas and in the PRC with a view to improving service and enhancing product development.

There were also working group meetings and information-sharing sessions held among members of relevant working groups, which not only strengthened the Group's internal communication network, but also helped to create clear and effective ideas, in better defining and implementing Magician's strategies.

CODE OF BEST PRACTICE

Throughout the year ended 31 March 2005, the Company has duly complied with the Code of Best Practice as provided in Appendix 14 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, save for the fact that the independent non-executive directors of the Company are not appointed for specific terms. The term of office of each independent non-executive director is determined by provisions for mandatory retirement by rotation, in accordance with the Company's Bye-Laws.