

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied throughout the year ended 30 September 2005 with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Listing Rules, which was in force prior to 1 January 2005.

With effective on 1 January 2005, the Stock Exchange issued a new Code on Corporate Governance Practices (the "CG Code") which has replaced the Code of Best Practice and was in force for the reporting financial year commencing after 1 January 2005. The Company has reviewed the CG Code and has adopted the same as its own code of corporate governance practices. The Company has also complied with most of the code provisions under the CG Code except for the deviations mentioned below:–

Code Provision A4.2 stipulated that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and all directors should be subject to retirement by rotation at least once every three years. According to the Bye-laws of the Company (the "Bye-laws"), any director appointed by the Board to fill a casual vacancy shall hold office only until the next following annual general meeting and one-third of the Directors for the time being shall retire by rotation each year, the chairman of the Board shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. To align the Bye-laws with the latest amendments to the CG Code, the Company will propose to amend the Bye-laws in the forthcoming general meeting.

Code Provision C.2 stipulated that the Board should review the effectiveness of the system of internal control and report in this Corporate Governance Report. The Board noted the changes and will apply them to the Company in order to ensure the strictly compliance with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the "Code of Conduct") regarding securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to Listing Rules during the year under review.

Having made specific enquiry with all directors, each of whom has confirmed that he/she has complied with the required standard set out in the Code of Conduct and the Model Code for the year ended 30 September 2005.

BOARD OF DIRECTORS

Composition

The Board, headed by Mr. Yeung Hoi Sing, Sonny, is responsible for supervision of the management of the business and affairs, approval of strategic plans and reviewing of financial performance.

The Board is made up of seven Directors including three executive Directors, a non-executive Director and three independent non-executive Directors (the "INEDs"). The Directors are, collectively and individually, aware of their responsibilities to the shareholders. The Directors' biographical information is set out on pages 32 to 33 under the heading "Biographical Details of Directors and Senior Management".

The Board members for the year ended 30 September 2005 were:–

Executive Directors

Mr. Yeung Hoi Sing, Sonny (*Chairman*)

Mr. Chan William (*Deputy Chairman*)

Mr. Lee Siu Cheung

Non-executive Director

Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors

Mr. Luk Ka Yee, Patrick

Mr. Yim Kai Pung

Ms. Yeung Mo Sheung, Ann

Role and Function

The positions of the Chairman of the Board and the Chief Executive Officer (i.e. the Deputy Chairman) are held separately by two individuals to ensure their respective independence, accountability and responsibility. The Chairman is responsible for overseeing the function of the Board and formulating overall strategies and policies of the Company. The Deputy Chairman is responsible for managing the Group's business and overall operations. The day-to-day running of the Company is delegated to the management with divisional heads responsible for different aspects of the business.

To the best knowledge of the Company, there is no financial, business and family relationship among members of the Board and between the Chairman and the Deputy Chairman. All of them are free to exercise their independent judgment.

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three INEDs, of whom Mr. Yim Kai Pung is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants of the United Kingdom. He has over 16 years of experience in auditing, taxation and provision of finance consultancy services for companies in Hong Kong and the PRC.

The Company has received, from each of the INEDs, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent.

All non-executive Director and INEDs have entered into service contracts with the Company for a term of one year. None of the INEDs has entered into any service contracts with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Board conducts at least four regular Board meetings a year at approximately quarterly intervals in addition to other Board meetings that are required for significant and important issues, and for statutory purposes. Appropriate and sufficient information is provided to Board members in a timely manner to keep them abreast of the Group's latest developments and thus can assist them in discharging their duties.

BOARD COMMITTEES

The Board has established Board Committees, namely Audit Committee and Remuneration Committee to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities.

AUDIT COMMITTEE

Composition

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee consists of the non-executive Director and all INEDs.

The Audit Committee members for the year ended 30 September 2005 were:–

Mr. Yim Kai Pung (*Chairman*)

Mr. Choi Kin Pui, Russelle

Mr. Luk Ka Yee, Patrick

Ms. Yeung Mo Sheung, Ann

Role and Function

The primary duties of the Audit Committee are to ensure the objectivity and credibility of financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company.

For the year ended 30 September 2005, the Audit Committee met twice during the year, in particular, to review and discuss (1) the auditing and financial reporting matters; (2) the appointment of external auditors; and (3) the establishment of internal control system with external auditors. The Audit Committee has also reviewed the interim results and the audited financial statements. Each member of the Audit Committee has unrestricted access to the Auditors and all senior staff of the Group.

REMUNERATION COMMITTEE

Composition

The Company formulated written terms of reference for the Remuneration Committee in accordance with the requirements of the Stock Exchange. The Remuneration Committee consists of the Deputy Chairman, the non-executive Director and all INEDs with Mr. Chan William, acts as the Chairman of the Remuneration Committee.

The Remuneration Committee members for the year ended 30 September 2005 were:–

Mr. Chan William (*Chairman*)

Mr. Choi Kin Pui, Russelle

Mr. Luk Ka Yee, Patrick

Mr. Yim Kai Pung

Ms. Yeung Mo Sheung, Ann

Role and Function

The Remuneration Committee is responsible for ensuring formal and transparent procedures for developing remuneration policies and overseeing the remuneration packages of the executive Directors and senior management. It takes into consideration on factors such as salaries paid by comparable companies, time commitment and responsibilities of Directors and senior management. The Remuneration Committee meets at least once a year. The first Remuneration Committee meeting was held on 10 January 2006.

ATTENDANCE RECORD AT BOARD AND BOARD COMMITTEE MEETINGS

The following table shows the attendance of Directors at meetings of the Board and the Audit Committee during the year:-

Directors	Number of meeting attended/ Number of meeting held	
	Board	Audit Committee
<i>Executive Directors</i>		
Mr. Yeung Hoi Sing, Sonny	2/5	N/A
Mr. Chan William	5/5	N/A
Mr. Lee Siu Cheung	5/5	N/A
<i>Non-executive Director</i>		
Mr. Choi Kin Pui, Russelle	3/5	1/2
<i>Independent Non-executive Directors</i>		
Mr. Luk Ka Yee, Patrick	4/6*	2/2
Mr. Yim Kai Pung	6/6*	2/2
Ms. Yeung Mo Sheung, Ann	6/6*	2/2
Number of meeting held during the year	6*	2

* Including one Independent Board Meeting

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

The statement of the external auditors of the Company, Messrs. CCIF CPA Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Report of Auditors on page 34.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

For the year ended 30 September 2005, the external auditors of the Group provided the following services to the Group:-

	2005 HK\$'000
Audit services	518
Taxation advisory services	25
Other advisory services	242
	785