

We think about our business



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, transparency, responsibility, independence and accountability.

Code on Corporate Governance Practices

The Company has adopted the mandatory provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31st March, 2006, with the exception of the following deviations:

Under the code provision A2, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr Brian C Beazer has combined the role of Chairman and Chief Executive Officer. The Group considers this structure will not impair the balances of power and authority between the Group and the management and both the Board and senior management of the Group has significantly benefited from the leadership, support and experience of Mr Beazer. Therefore, the Board does not currently propose to separate the functions.

Under the code provision A4.1, non-executive directors should be appointed for a specific term. Under A4.2, every director should be subject to retirement by rotation at least once every three years. Currently, non-executive directors are not appointed for a specific term. This constitutes a deviation from code provision A4.1. However, they are subject to retirement by rotation, at least once every three years, at each annual general meeting under the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

The corporate governance practices adopted by the Group are summarized below:

Board of Directors

The Board is now made up of eight Directors including three Executive Directors, two Non-executive Directors, and three Independent Non-executive Directors. The Board has a balance of skills and experiences 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

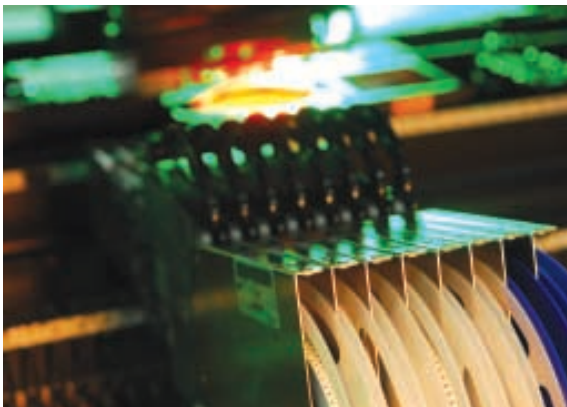
For all of the Board meetings, proper and reasonable notices, adequate and appropriate information in the form of agenda, board papers and minutes are prepared for all the Directors and provided in reasonable time.

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 experiences in financial matters.

The composition of the Audit Committee as at 31st March, 2006 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.

The Audit Committee meets and holds discussions with senior management on the Company's interim and annual financial reports, discussed with the audit approach and significant audit and accounting issues with external auditors, including the accounting principles and practices adopted by the Group, internal control and financial reporting matters.

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, 2006 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 on 15th February, 1968.

During the year, the Compensation Committee had reviewed the current compensation of Directors and senior management and approved the general salary increase of the Group.



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, 2006 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.

In 2005/2006, the NCGC Committee nominated members of each committee and evaluated the performance of each director and Board committee (other than NCGC members and Committee), and the performance of the Board as a whole.

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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	4/4	3/3	2/2	2/2
Mr. David H Clarke	4/4	N/A	N/A	1/1
Mr. Simon N Hsu	4/4	N/A	N/A	1/1
Mr. Wong Hei Pui, Andy (resigned on 31st July, 2005)	1/1	N/A	N/A	N/A
<i>Non-executive Directors:</i>				
Mr. Ng Ching Wo	2/4	2/3	N/A	N/A
Mr. Teo Ek Tor	3/4	N/A	N/A	N/A
<i>Independent Non-executive Directors:</i>				
Dr. Wong Ho Ching, Chris	2/4	2/3	2/2	N/A
Mr. Henry W Lim	4/4	3/3	2/2	2/2
Mr. Ramon Sy Pascual	4/4	N/A	N/A	2/2
Number of meeting held during 2005/2006	4	3	2	2

Model Code for Securities Transactions

The Company has adopted its own Code for Securities Transactions by Officers (the "Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 to the Listing Rules of the Stock Exchange. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Code during the year under review.

Auditors' Remuneration

The Company's external auditors are Deloitte Touche Tohmatsu. The remuneration paid/payable to Deloitte

Touche Tohmatsu in respect of audit services and non-audit services for the year ended 31st March, 2006 amounted to approximately HK\$1,100,000.

Responsibilities in respect of the Financial Statements

All directors acknowledge their responsibility for preparing the accounts for the year ended 31st March, 2006.

The external auditors of the Company acknowledge their reporting responsibilities in the auditors' report on the financial statements for the year ended 31st March, 2006 and as set out in the "Report of the Auditors" on page 41.