



Directors' Report *(continued)*

2. either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
3. in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

EMOLUMENT POLICY

As at 31 March 2006, the Group had a total of 864 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

The Group periodically reviews its remuneration package in order to attract, motivate and retain its employees. Discretionary bonuses are rewarded to staffs and directors based on the Group's profit and their performance.

The Company had a share option scheme mentioned above for the employees and directors of the Group as incentive for them to contribute to the business and operation of the Group. The Group also provides in-house and external training courses for its staff to improve their skill and services.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration paid by the Group to the directors of the Company and the senior management of the Group for the year ended 31 March 2006 are set out in note 15 to the financial statements.

ISSUE OF SECURITIES

In May 2005, the Company raised funds by way of a top-up placing of 219,176,800 shares of HK\$0.05 each at a subscription price of HK\$0.60 per share to more than 6 independent investors. The closing price per share of the Company quoted on the Stock Exchange on 11 May 2005 (being the date on which the terms of the issue were fixed) was HK\$0.69. Out of the net proceeds of approximately HK\$128.1 million, approximately HK\$81 million were used towards payment of the consideration for the acquisition of Waldorf in October 2005 and the balance of approximately HK\$47.1 million as general working capital.

In October 2005, the Company made an open offer to its shareholders as mentioned in note 31 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of the Company's securities by the Company or any of its subsidiaries during the year ended 31 March 2006.

PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of its directors, not less than 25% of the issued share capital of the Company are held by the public.



Directors' Report *(continued)*

AUDITORS

At the annual general meeting of the Company held on 25 August 2004, PricewaterhouseCoopers, the then auditors of the Company, did not seek re-appointment and BDO McCabe Lo & Company were appointed as auditors of the Company. On 1 August 2005, the practice of BDO McCabe Lo & Company was reorganised as BDO McCabe Lo Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO McCabe Lo Limited as auditors of the Company.

On behalf of the Board
Liu Yu Mo
Chief Executive Officer

Hong Kong, 10 July 2006