

Corporate Governance Report

A review of the Company's corporate governance in the financial year is set out as follows:

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has duly adopted the principles of good governance provided by the Code on Corporate Governance Practices in the Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

For the year ended 31 March 2006, the Company has met the code provisions and some of the recommended best practices as set out in the Code except the following:

Under the code provisions A.4.1, non-executive directors should be appointed for specific term, subject to re-election. However, the independent non-executive directors of the Company have no specific term of office but are subject to retirement by rotation and re-election in accordance with the provisions of the Company's Bye-Laws. According to the Bye-Laws of the Company, at every annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office. The Directors to retire on each occasion shall be those who have been longest in office since their last election. Accordingly, no Director has a term of appointment longer than three years.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2006.

BOARD OF DIRECTORS

The Board is responsible for managing and conducting business and affairs of the Company and its subsidiaries which includes determining the corporate objectives, business strategies and operational policies, controlling the operating and financial performance, setting appropriate policies to manage risks in pursuit of the Group's strategic objectives and ensuring the Group's operation are conducted in accordance with the framework of law and regulatory guidelines.

There is a clear division of responsibilities between the Board and the management. The Board has delegated the decisions on the Group's general operations to the management. The respective functions to the Board and the management have been formalized and set out in writing.

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The Board currently comprises seven members and its composition is set out below:

Executive Directors

Rossana Wang Gaw (Chairman)
 Goodwin Gaw (Vice Chairman)
 Kenneth Gaw (Managing Director)
 Jane Kwai Ying Tsui

Independent Non-executive Directors

Dr. Charles Wai Bun Cheung, JP
 The Hon. Bernard Charnwut Chan
 Arnold Tin Chee Ip

The brief biographical details of the Directors and the relationship among them are set out on pages 14 to 15. The Independent Non-executive Directors possess appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. Their active participation in the Board and committee meetings brings an objective, independent voice that protects the minority interests. Pursuant to specific enquiries made with the Independent Non-executive Directors, all of them confirmed that they have met the criteria of Rule 3.13 of the Listing Rules regarding the guidelines for the assessment of independence.

The Board meets regularly, and at least four times a year, to review the business development and discuss any matters arising from corporate governance, risk management, accounting and financing. Additional meetings will be held upon the request of the members when they think necessary.

Every Director is entitled to have full access to information on the Group and may, in appropriate circumstances, take independent professional advice at the Company's expense. In respect of regular Board meetings, at least 14 days' notice is normally given to all Directors. Draft minutes of every Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval.

During the year, four Board meetings were held and attendance record of each Director is set out below:

Directors	Number of Board Meetings attended	Attendance rate
Executive Directors		
Rossana Wang Gaw (Chairman)	3/4	75%
Goodwin Gaw (Vice Chairman)	3/4	75%
Kenneth Gaw (Managing Director)	4/4	100%
Jane Kwai Ying Tsui	4/4	100%
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	3/4	75%
The Hon. Bernard Charnwut Chan	4/4	100%
Arnold Tin Chee Ip	4/4	100%

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CHAIRMAN AND MANAGING DIRECTOR

The role of the Chairman and the Managing Director of the Company is separate to reinforce their respective independence and accountability. The Chairman provides leadership to and oversees the effective functioning of the Board while the Managing Director heads the management and focuses on the day-to-day operation of the Group. During the year under review, the Chairman of the Company is Mrs. Rossana Wang Gaw whereas the Managing Director is Mr. Kenneth Gaw.

NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors have no specific term of office but are subject to retirement by rotation and re-election in accordance with the provisions of the Company's Bye-Laws.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company does not have a Nomination Committee. The Board as a whole is responsible for ensuring all the directors and senior executives appointed are fit and proper persons and for nominating appropriate person for election by shareholders at the annual general meeting, either to fill a casual vacancy or as an addition to the existing directors.

REMUNERATION COMMITTEE

The Company has set up a Remuneration Committee consisting of three Independent Non-executive Directors, including Mr. Arnold Tin Chee Ip (Chairman), Dr. Charles Wai Bun Cheung, JP, The Hon. Bernard Charnwut Chan and an Executive Director, Mr. Kenneth Gaw. The current terms of reference of the Remuneration Committee include duties set out in code provisions B.1.3 (a) to (f) of the Code.

During the year, one Remuneration Committee meeting was held and attendance record of each Director is set out as below:

Directors	Number of Remuneration Committee Meeting attended	Attendance rate
Independent Non-executive Directors		
Arnold Tin Chee Ip (Chairman)	1/1	100%
Dr. Charles Wai Bun Cheung, JP	1/1	100%
The Hon. Bernard Charnwut Chan	1/1	100%
Executive Directors		
Kenneth Gaw	1/1	100%

In the meeting, the Remuneration Committee assessed the performance of the Executive Directors and approved the bonus to Executive Directors and senior employees.

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AUDIT COMMITTEE

The Audit Committee consists of three Independent Non-executive Directors, including Dr. Charles Wai Bun Cheung, JP (Chairman), The Hon. Bernard Charnwut Chan and Mr. Arnold Tin Chee Ip. The Audit Committee normally meets three times a year and members of the Audit Committee may request a meeting if they think it necessary. The current terms of reference of the Audit Committee include duties set out in code provisions C.3.3 (a) to (n) of the Code.

The Audit Committee held three meetings during the year and attendance record of each Director is set out as below:

Directors	Number of Audit Committee Meetings attended	Attendance rate
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP (Chairman)	2/3	67%
The Hon. Bernard Charnwut Chan	2/3	67%
Arnold Tin Chee Ip	3/3	100%

Throughout the year, the Audit Committee had performed the work as summarized below:

- (1) Selected and recommended new auditors to fill the causal vacancy left by the resignation of the previous auditors.
- (2) Reviewed the financial reports for the year ended 31 March 2006 and for the six months ended 30 September 2005.

AUDITORS' REMUNERATION

During the year under review, the remuneration payable to the Company's external auditors, Wong Brothers & Co, are set out as follows:

Services rendered	Fee payable
Audit services	HK\$272,000
Non-audit services	HK\$13,000
	HK\$285,000

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ACCOUNTABILITY AND AUDIT

The Directors acknowledge that they are responsible for preparing the accounts. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made. The Auditors' reporting responsibilities are included in the Auditors' Report on page 21.

INTERNAL CONTROLS

The Board is responsible for the internal control system of the Company and conduct regular review on the effectiveness of the internal control system of the Company.

SHAREHOLDERS' RIGHTS

The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. An annual general meeting circular is distributed to all shareholders at least 21 days prior to the annual general meeting, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information.

Details on the procedures for voting by poll of the Company are set out in the shareholder circular convening the general meeting. When voting on resolutions requiring a poll, the Company engages external scrutineer to ensure proper counting of the votes.

INVESTORS RELATIONS

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Investors and shareholders can also visit the Company's website (<http://www.irasia.com/listco/hk/pioneer/index.htm>) for updated information.