

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the “Board”) has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), which came into effect on 1 January 2005 (with the exception of code provision C.2.1 on internal controls which is only applicable to accounting periods commencing on or after 1 July 2005). The Company has complied with the Code for the year ended 31 March 2006 except in the circumstances which are provided and discussed under the heading “Appointment, Re-Election and Removal of Directors” of this report.

The Board of Directors

The Board comprises five Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors. The brief biographic details of and the relationship among Board members is set out in the Biographical Details of Directors and Senior Management on pages 13 to 15. During the year ended 31 March 2006, 12 Board meetings were held. The attendance of the Directors is as follows:

		Attendance
Executive Directors:		
Mr. Kwok Hon Ching	<i>(resigned on 10 February 2006)</i>	9/9
Mr. Kwok Hon Kau, Johnny	<i>(resigned on 21 September 2005)</i>	2/2
Mr. Kwok Hon Lam		12/12
Mr. Chau Kwok Wai	<i>(resigned on 26 October 2005)</i>	3/4
Mr. Lee Yu Leung	<i>(re-designated on 21 September 2005 and resigned on 10 February 2006)</i>	7/7
Mr. Kwok Chi Hang, Peter	<i>(appointed on 21 September 2005)</i>	10/10
Mr. Loo Pak Hong	<i>(appointed on 26 October 2005)</i>	3/8
Mr. Cheng Tun Nei	<i>(appointed on 10 February 2006)</i>	3/3
Dr. Siu Miu Man	<i>(appointed on 10 February 2006)</i>	3/3
Non-Executive Director:		
Ms. To Wing Yee, Janice	<i>(appointed on 1 December 2005)</i>	4/7

CORPORATE GOVERNANCE PRACTICES *(continued)***Attendance****Independent Non-Executive Directors:**

Mr. Chow Cheuk Lap	<i>(re-designated as Non-Executive Director on 4 August 2005)</i>	2/2
Mr. Lee Ho Man, Eric	<i>(resigned on 12 September 2005)</i>	2/2
Mr. Wong Lung Tak, Patrick	<i>(resigned on 31 October 2005)</i>	3/4
Mr. Wong Tik Tung	<i>(appointed on 12 September 2005 and resigned on 10 February 2006)</i>	7/7
Mr. Chan Kwok Wai	<i>(appointed on 12 September 2005 and resigned on 10 February 2006)</i>	6/7
Mr. Yeung Lung Sang Sam, Lennon	<i>(appointed on 21 September 2005 and resigned on 3 October 2005)</i>	1/1
Mr. Tsun Kok Chung, Richard	<i>(appointed on 26 October 2005 and resigned 22 December 2005)</i>	2/3
Mr. Liu Kam Lung	<i>(appointed on 10 February 2006 and resigned on 1 March 2006)</i>	2/2
Mr. Chan Sun Kwong	<i>(appointed on 10 February 2006)</i>	3/3
Mr. Fung Kwan Yin, James	<i>(appointed on 10 February 2006)</i>	3/3
Mr. Chow Nim Sun, Nelson	<i>(appointed on 1 March 2006)</i>	0/1

The Board sets the Group's objectives, business and strategies and monitors its performance. The Board has delegated the authority and responsibility of overseeing the Group's day-to-day operations to the executive committee.

The Directors of the Company are insured under a Directors' and Officers' Liability Insurance policy for indemnification against costs, charges, losses, expenses and liabilities that may be incurred by them in the execution and discharge of their duties or any business in relation thereto.

To ensure all directors are given opportunities to make suggestions on agenda items to be discussed in board meetings, all draft agendas for board meetings are provided to all directors for their comment prior to the meetings. Minutes of board meetings and meetings of all specialized committees under the board are kept by the company secretary and are available for inspection by the directors at all times. Each board member is entitled to seek independent professional advice at the expense of the Company.

Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer are two distinct and separate positions, which are held by Mr. Cheng Tun Nei and Dr. Siu Miu Man respectively, and they are both executive directors. The Chairman is responsible for the management of the Board whereas the Chief Executive Officer is responsible for the day-to-day operations of the Group.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Company has not established a Nomination Committee. However, according to the Bye-laws of the Company, the Board is empowered to appoint Director(s) at any time so as to fill a causal vacancy or, to add a new member of the Board. Appointment is made on basis of the qualifications, experience and personality of the appointee.

Currently, the Non-executive Directors and Independent Non-executive Directors are not appointed for a specific term. According to the Bye-laws of the Company, each director appointed to fill a causal vacancy or appointed during the year shall be subject to election by shareholders at the next following general meeting or the next following annual general meeting after their appointments. Moreover, one-third of the Directors (including the Independent Non-executive Directors) shall retire from office by rotation at each annual general meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made a specific enquiry, all the Directors confirmed that they had complied with the standards set out in the Model Code for the year ended 31 March 2006.

BOARD COMMITTEE

The Company currently has two Board Committees, namely the Audit Committee and the Remuneration Committee. All Board Committees have clear and specific written terms of reference and they report their work to the Board after each meeting.

REMUNERATION COMMITTEE

A Remuneration Committee was established to ensure that there is a formal and transparent procedure adopted by the Company for developing policies on, and for overseeing, the remuneration packages of all the Directors of the Company. The Remuneration Committee currently comprises Mr. Cheng Tun Nei, Mr. Fung Kwan Yin, James and Mr. Chow Nim Sun, Nelson.

During the year ended 31 March 2006, 3 Remuneration Committee meetings were held and the attendance of each committee member is set out as follows:

	Attendance
Mr. Cheng Tun Nei	3/3
Mr. Liu Kam Lung	2/2
Mr. Fung Kwan Yin, James	3/3
Mr. Chow Nim Sun, Nelson	0/1

The main responsibility of the committee is to set out its recommendation on the remuneration package of each Director of the Company. The Remuneration Committee ensures that no Director is involved in deciding his own remuneration.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to prepare financial statements that give a true and fair view of the financial position, results and cash flow of the Group. In preparing the financial statements for the year ended 31 March 2006, the Directors have adopted suitable accounting policies and applied them consistently, made judgements and estimates that are prudent and reasonable and have prepared the financial statements on a going concern basis.

Messrs. Ernst & Young was re-appointed as the Company's external auditors at the last annual general meeting until the conclusion of the forthcoming annual general meeting. On 24 November 2005, Messrs. Ernst & Young resigned as auditors of the Company for the reason of disagreement over audit fee and Messrs. CCIF CPA Limited was then appointed as auditors until the conclusion of the forthcoming annual general meeting.

The amount of external auditors' remuneration has been disclosed in note 8 to the financial statements.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The Audit Committee currently comprises three Independent Non-executive Directors namely Mr. Fung Kwan Yin, James (as Chairman), Mr. Chan Sun Kwong and Mr. Chow Nim Sun, Nelson. The Audit Committee met and discussed with the external auditors on their audit strategy.

There were 2 Audit Committee meetings held for the year ended 31 March 2006. The attendance of each committee member is set out as follows:

	Attendance
Mr. Wong Lung Tak, Patrick	1/1
Mr. Chow Cheuk Lap	1/1
Mr. Lee Ho Man, Eric	1/1
Mr. Wong Tik Tung	1/1
Mr. Chan Kwok Wai	1/1

The main responsibility of the committee is to review the Group's financial reporting, provide accounting and financial advice and recommendations to the Board as well as monitoring and safeguarding the independence of external auditors and relevant auditing matters.

On 24 July 2006, the Audit Committee met to review the Group's consolidated financial statements in conjunction with the Company's external auditors. After review and discussions, the Audit Committee recommended the Board's approval of the consolidated financial statements for the year ended 31 March 2006. The Group's Annual Report for the year ended 31 March 2006 has been reviewed by the Audit Committee.

COMMUNICATION WITH SHAREHOLDERS

The Annual and Interim Reports contain comprehensive information on the financial and business performances of the Group. The annual general meeting is also an important platform for communicating with the shareholders. The Directors, senior executives and external auditors make their best efforts to attend the annual general meeting of the Company to address shareholders queries.

The Company has informed the shareholders in its circular convening a general meeting the procedures for and the rights of shareholders to demand a poll and the chairman of a meeting has at the commencement of the meeting ensure that an explanation is provided of the procedure demanding a poll and the detailed procedures for conducting a poll.