

The Board of the Company is committed to maintain high standards of corporate governance and it considers that effective corporate governance is an essential factor to the corporate success. Subject to the deviations as disclosed in this report, the Group has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 March 2006.

The Company does not have any officer with the title of "chief executive officer" ("CEO"); however, the duties of CEO are performed by Managing Director. Following the resignation of the Managing Director in June 2006, the day-to-day business operations of the Group are carried out by other executive Directors. As there exists a clear division of each Director's duties in the Group, the resignation of the Managing Director did not have any material impact on operations of the Group. The Chairman of the Company is responsible for the overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board.

BOARD OF DIRECTORS

At the date of this report, the Board comprises five executive directors and three independent non-executive directors ("INEDs"). The Company believes that the Board has a balance of skills and experience appropriate for the requirements of the business of the Group. As the number of the INEDs represents more than one-third of the Board, so that there is a strong independent element on the Board, which can effectively exercise independent judgment. Each of the INEDs has made an annual confirmation of his independency.

Directors' securities transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for securities transactions by Directors. All members of the Board has confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the year.

Nomination of directors

The Board as whole is responsible for the selection and approval of candidates for appointment to the Board. The selection criteria are mainly based on the professional and experience of candidates. A newly appointed director must retire and be re-elected at the first general meeting after his/her appointment. There are no fixed terms of services for executive Directors while INEDs are engaged for a term of two years, subject to retirement by rotation and re-election at general meeting in accordance with the provisions of the Bye-laws of the Company.

Corporate Governance Report

Board meetings

During the year ended 31 March 2006, four regular board meetings and two board meetings to approve annual results and interim results were held to which 14 days' notice was given to all Directors. The individual attendance of Directors is set out as follows:

	Number of board meetings attended
<i>Executive Directors:</i>	
Mr. Tam Wing Fai Johnny (Managing Director) (resigned on 1 June 2006)	6
Ms. Yeung Han Yi Yvonne	6
Ms. Chan Chi Mei Miranda	6
Mr. Ching Suet Ming (resigned on 1 April 2006)	6
Mr. Wu Ho Fai David (appointed on 13 April 2006)	N/A
Ms. Zhang Yuyan (appointed on 13 April 2006)	N/A
Mr. Cheung Hoo Win (appointed on 1 June 2006)	N/A
<i>Independent Non-Executive Directors:</i>	
Mr. Lim Man San David (Chairman)	3
Mr. Yeung Shun Kee Edward	4
Mr. Chow Pak Kan	5

Remuneration of directors

A remuneration committee was set up during the year with specific written terms of reference which deals clearly with its authority and duties. The members of the remuneration committee are Mr. Yeung Shun Kee Edward (Chairman), Mr. Lim Man San David and Mr. Chow Pat Kan. All committee members are INEDs.

The remuneration committee's principal duties are to make recommendations to the Board on the remuneration policy and structure for directors and senior management and to ensure that they are fairly rewarded for their individual duties and responsibilities in the Group as well as reference to market rates. It is also the remuneration committee's duty to determine the specific remuneration packages of all executive directors and senior management.

During the year ended 31 March 2006, a remuneration committee meeting was held to review whether the remunerations to retiring directors were in line with their service agreements. All members attended the meeting.

AUDITORS' REMUNERATION

During the year, the remuneration in respect of statutory audit services and the taxation services provided by the auditors of the Company were HK\$535,000 and HK\$42,000 respectively.

AUDIT COMMITTEE

The Company has an audit committee comprising three INEDs of the Company, namely, Mr. Chow Pat Kan (Chairman), Mr. Lim Man San David and Mr. Yeung Shun Kee Edward. The principal duties of the audit committee are to review the Group's interim and annual reports, internal controls and make recommendations to the Board.

During the year, four audit committee meetings were held and all members attended all meetings. During the meetings, the audit committee had performed the following works:

- (i) reviewed the draft interim and annual financial statements and the related draft results announcements;
- (ii) reviewed the change in accounting standards and assessment of potential impacts on the Group's financial statements;
- (iii) discussed with external auditors for any major audit issues of the Group; and
- (iv) discussed matters in relation to internal controls of the Group.

On behalf of the Board

Wu Ho Fai David

Director

Hong Kong, 21 July 2006