

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards corporate governance practices. It met all the code provisions in the Code on Corporate Governance Practices (the “Code”) set out in 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 except the following :

- (a) the non-executive directors were not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company;
- (b) The Chairman of the Board was unable to attend the annual general meeting of the Company held on 9 September 2005 due to unexpected commitment. However, in his absence, all the other directors of the Board, including the chairman of the Audit Committee, were present. The Company considers that the members of the Board and the Audit Committee who attended the annual general meeting were already of sufficient caliber and number available for answering questions at the meeting.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors’ securities transactions on terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules.

Having made specific enquiry of all directors of the Company, they have confirmed compliance with the required standard set out in the Model Code during the year 31 March 2006.

BOARD OF DIRECTORS

The Company is governed by a board of directors which has the responsibility for leadership and control of the Company. The directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs.

The Board set strategies and directions for the Group's activities with a view to develop its business and to enhance shareholder value.

The Board met four times during the year 31 March 2006. Its composition and the attendance of individual directors at these board meetings were follows :

Name	Number of meetings attended
<i>Executive directors</i>	
Lui Chi (<i>Chairman</i>)	4/4
Lui Shing Ming, Brian (<i>Managing Director</i>)	4/4
Lui Shing Cheong	3/4
Lui Shing Chung, Victor	4/4
Lung Wai Kee	4/4
<i>Independent non-executive directors</i>	
Lam Chun Kong	4/4
Lo Wing Man	4/4
Ng Lai Man, Carmen	4/4

Mr. Lui Chi is the father of Messrs. Lui Shing Ming, Brian, Lui Shing Cheong and Lui Shing Chung, Victor.

CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director of the Company are separated, with a clear division of responsibilities.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda. Through the Board, he is responsible for ensuring that good corporate governance practices and procedures are followed by the Group.

The Managing Director is responsible for the day-to-day management of the Group's business.

NON-EXECUTIVE DIRECTORS

All the non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Bye-laws of the Company.

REMUNERATION OF DIRECTORS

The Remuneration Committee has 4 members, comprising Mr. Lo Wing Man, Dr. Lam Chun Kong, Dr. Ng Lai Man, Carmen (all independent non-executive directors) and Mr. Lui Shing Ming, Brian. This Committee is chaired by Mr. Lo Wing Man.

The terms of reference of the Remuneration Committee have been determined with reference to the Code.

The Remuneration Committee met once during the year. The attendance of individual members at these meetings was as follows:

Name	Number of meetings attended
Lo Wing Man	1/1
Lam Chun Kong	1/1
Ng Lai Man, Carmen	1/1
Lui Shing Ming, Brian	1/1

The Remuneration Committee has reviewed and determined the Group's remuneration policy, including the policy for the remuneration of executive directors, assessing performance of executive directors and the levels of remuneration paid to executive directors and senior management of the Group.

NOMINATION OF DIRECTORS

Executive directors identify potential new directors and recommend to the Board for decision. A director appointed by the Board is subject to election by shareholders at the first annual general meeting after his appointment. Under the Company's Bye-laws, all directors are subject to re-election by shareholders every 3 years.

Potential new directors are selected on the basis of their qualifications, skills and experience which the directors consider will make a positive contribution to the performance of the Board.

During the year, no new director was appointed.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 March 2006, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors about their financial reporting are set out in the Auditors' report attached to the Company's Financial Statements for the year 31 March 2006.

The Board conducts regular review of the effectiveness of the Group's internal control system covering all controls, including financial, operational and compliance and risk management controls. Areas for improvement identified have been taken appropriate measures.

AUDITORS' REMUNERATION

During the year 31 March 2006, fees paid to the Company's external auditors for audit services and non-audit services are set out as follows:

Services rendered	Fees paid/payable (HK\$'000)
Audit services	870
Non-audit services	
– Review on 2005 interim results	105
– Review on 2006 announcement of annual results	30

AUDIT COMMITTEE

The Audit Committee has 3 members, comprising Dr. Ng Lai Man, Carmen, Dr. Lam Chun Kong and Mr. Lo Wing Man (all independent non-executive directors). This Committee is chaired by Dr. Ng Lai Man, Carmen.

The terms of reference of the Audit Committee follow the guidelines set out in the Code and with reference to the “A Guide for the Formation of an Audit Committee” issued by the Hong Kong Institute of Certified Public Accountants in December 1997.

During the year, the Audit Committee had reviewed the Group’s interim and annual results, internal control system and financial reporting matters.

The Audit Committee met three times during the year. The attendance of individual members at these meetings was as follows :

Name	Number of meetings attended
Ng Lai Man, Carmen	3/3
Lam Chun Kong	3/3
Lo Wing Man	3/3