

Corporate Governance Practices

The board of directors of the Company (the “Board”) is of the view that corporate governance is vital to the continued success of the Company and has therefore adopted various measures to ensure that a high standard of corporate governance is upheld. With effect from 1 January 2005, the Company has applied the principal and complied with the requirements of the Code on Corporate Governance Practices (the “Code”) of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “SEHK”) save and except certain deviations as more specifically described below. The current practices will be reviewed and updated regularly so that the latest development in corporate governance can be followed and observed.

Directors

Directors’ Securities Transactions

The Company has adopted the code of conduct regarding directors’ securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) of the Listing Rules. Having made specific enquiry of all directors, they all have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

Board of Directors

The Board is responsible for the leadership and control of the Company and oversees the Company’s businesses, strategic decisions and performances while the Board has delegated the day-to-day management and operations of the Company’s businesses to the management of the Company and its subsidiaries.

The Board is currently comprises:

Executive Directors : Wong Pak Ming (*Chairman*)
Wong Kit Fong
Wong Yee Kwan, Alvina
Ko Tin Chow

Independent Non-executive Directors : Wan Ngar Yin, David
Lai Voon Wai
Tang Kai Kui, Terence

Each independent non-executive director gives an annual confirmation of his independence to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

Board of Directors (continued)

For the financial year ended 31 December 2006, 4 Board meetings were held and the attendance of each director is set out as follows:

Name of director	Number of Board meetings attended in the financial year ended 31 December 2006	Attendance rate
Wong Pak Ming	4	4/4
Wong Kit Fong	4	4/4
Wong Yee Kwan, Alvina	4	4/4
Ko Tin Chow	4	4/4
Wan Ngar Yin, David	4	4/4
Lai Voon Wai	4	4/4
Tang Kai Kui, Terence	4	3/4

The Board held meeting from time to time whenever necessary and at least 4 regular Board meetings will be held each year. Minutes or every Board meeting are circulated to all directors for their perusal and comments prior to confirmation of the minutes at the following Board meeting. The Board also ensures that it is supplied in a timely manner with the agenda and all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations are followed.

Chairman and Chief Executive

Mr. Wong Pak Ming (Mr. Wong”) is both the chairman and founder of the Company. The Company has no such title as the chief executive officer and therefore the daily operation and management of the Company is oversight by Mr. Wong with the assistance of the executive directors as well as the senior management.

The Board considers that Mr. Wong, being the founder of the Group, possesses in-depth knowledge of the Group and has developed extensive and valuable network in the film production industry and therefore can enable the Group to make and implement decision promptly and efficiently which is beneficial to the business prospects of the Group. The Board also considers that this structure will not impair the balance of power and authority between the Board and the management as the Board, comprises experienced and high caliber individuals, meets regularly to discuss issues affecting the operation of the Group.

Ms. Wong Kit Fong is Mr. Wong’s sister while Ms. Wong Yee Kwan, Alvina is Mr. Wong’s daughter.

Appointment and Re-election of Directors

All directors (including executive or independent non-executive directors) are appointed for a fixed term. However, they are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the bye-laws of the Company (the “Bye-laws”).

The Company has amended the Bye-laws in the 2006 annual general meeting in order to comply with the Code, especially the director retirement requirements under the Code.

Remuneration of Directors and Senior Management

Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) was established with specific written terms of reference on 21 September 2005 comprising 1 executive director and 2 independent non-executive directors. Mr. Tang Kai Kui, Terence is the chairman of the Remuneration Committee.

According to the terms of reference of the Remuneration Committee, its major roles and functions, inter alia, include making recommendations to the Board on the Company’s policy and structure for all remuneration of directors of the Company and senior management as well as reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Company has adopted a share option scheme on 21 August 2001, which serves as an incentive to attract, retain and motivate staff, including directors. Details of the share option scheme are set out in note 29 to the financial statements. The emolument payable to directors depends on their respective contractual terms under the service contracts (if any), and as recommended by the Remuneration Committee. Details of the directors’ emolument are set out in note 11 to the financial statements.

Meeting of the Remuneration Committee shall be held at least once a year. One meeting was held in 2006 and during the meeting the remuneration policy in remunerating the directors and senior management of Group was under review and none of the executive directors participated in the determination of their own remuneration. The attendance of each member is set out as follows:

Name of director	Number of Committee meeting attended in the financial year ended 31 December 2006	Attendance rate
Tang Kai Kui, Terence	1	1/1
Wong Pak Ming	1	1/1
Wan Ngar Yin David	1	1/1

Accountability and Audit

Financial Reporting

The directors are responsible for overseeing the preparation of accounts and financial statements of each financial period. A statement by the auditors about their reporting responsibilities is set out on page 26 of this Annual Report.

Internal Control

The Company has designed a set of internal control policy and the Board is responsible for overseeing the Company's system of internal control.

The Board has conducted review of the effectiveness of the system of internal control.

Audit Committee

The audit committee of the Company (the "Audit Committee") has been established with specific written terms of reference comprising 3 independent non-executive directors. 1 member has appropriate professional qualifications or accounting or related financial management expertise. Mr. Wan Ngar Yin David is the chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditors of the Company.

According to the existing terms of reference of the Audit Committee, its major roles and functions, inter alia, is to review the half-year and annual financial statements before submission to the Board and to review the Company's statement on internal control system. 2 meetings were held in 2006. The attendance of each member is set out as follows:

Name of director	Number of Board meetings attended in the financial year ended 31 December 2006	Attendance rate
Wan Ngar Yin David	2	2/2
Lai Voon Wai	2	2/2
Tang Kai Kui, Terence	2	2/2

At the meetings held during the year, the Audit Committee reviewed the financial reports for the year ended 31 December 2005 and six months ended 30 June 2006 and reviewed the effectiveness of internal control system of the Company.

Auditors' Remuneration

During the financial year ended 31 December 2006, the remuneration paid to the Company's auditors, Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	Fees paid/ payable (HK\$'000)
Audit services	1,085
Non-audit services	62
	1,147