



The issue of corporate governance is all the more important to investors nowadays as it has become a key barometer for measuring a listed company's management quality and investment value. Magician has always maintained the highest ethical standards and always strives to ensure that business is conducted in the best interests of its shareholders and investors.

AUDIT COMMITTEE

An Audit Committee was established in Magician in August 2000. The current committee comprises two independent non-executive directors, Mr. Tsui Sing Kee, Rawdon and Mr. Tam Chi Kwan, Michael, and one non-executive director, Mr. Keung Sau Tim. The Audit Committee met two times during the financial year under review to consider the nature and scope of audit reviews and financial reporting matters (including interim and annual financial statements).

MANAGEMENT MEETING

The Group has always placed stress upon the importance of internal communication. Thus, senior management meetings led by the Chairman were held on a regular basis to report on business and operational progress, as well as

financial matters. The Group has also taken into account feedback from customers both overseas and in Mainland China with a view to improving service and enhancing product development.

There were also working group meetings and information-sharing sessions held among members of relevant working groups, which not only strengthened the Group's internal communication network, but also helped to create clear and effective ideas, in better defining and implementing Magician's strategies.

CODE OF BEST PRACTICE

Throughout the year ended 31st March, 2004, the Company has duly complied with the Code of Best Practice as provided in Appendix 14 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, save for the fact that the independent non-executive directors of the Company are not appointed for specific terms. The term of office of each independent non-executive director is determined by provisions for mandatory retirement by rotation, in accordance with the Company's Bye-Laws.