

CORPORATE GOVERNANCE PRACTICES

The Company has recognised the importance of transparency and accountability, and believes that shareholders can benefit from good corporate governance. The Company aims to achieve good standard of corporate governance, and thus during the year the Company has complied with most of the code provisions (“Code Provisions”) as set out in Appendix 14 of the Listing Rules on the Stock Exchange. Any deviation from the Code Provisions are explained in this report. The Company aims to comply with all the Code Provisions. The Company will review and update the current practices of the corporate governance regularly in order to achieve the aims.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding director’s securities transactions. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 March 2006.

BOARD OF DIRECTORS

As at 31 March 2006, the board comprised nine Directors, of which four are Executive Directors namely Kwong Kai Sing, Benny (Chairman), Lo Ki Yan, Karen (Vice Chairman), Ong, Peter (Managing Director) and Poon Chi Wan, and five are Independent Non-Executive Directors namely Chan Sze Hung, To Shing Chuen, Miu Frank H., Ha Kee Choy, Eugene and Chung Yuk Lun. The five Independent Non-Executive Directors are professionals with strong experience. Two of the Independent Non-Executive Directors have professional accounting qualification, which is in compliance with the requirement of the Listing Rules. One of the Independent Non-Executive Director is a practicing solicitor. Biographical details of all Directors are disclosed on pages 8 to 9 of this Annual Report.

The attendance of Directors of 36 board meetings held during the year ended 31 March 2006 is as follows:

Name	Attended
<i>Executive Directors</i>	
Kwong Kai Sing, Benny (<i>Chairman</i>)	36/36
Lo Ki Yan, Karen (<i>Vice Chairman</i>)	12/36
Ong, Peter (<i>Managing Director</i>)	17/36
Poon Chi Wan	36/36
<i>Independent Non-Executive Directors</i>	
Chan Sze Hung	2/36
To Shing Chuen	2/36
Ha Kee Choy, Eugene (appointed on 1 October 2005)	1/36
Chung Yuk Lun (re-designated from Non-Executive Director on 28 February 2006)	2/36
Miu Frank H. (resigned on 2 June 2006)	1/36

The Board is responsible for the leadership and control of the Company and oversees the Group's strategic decision, business and performances. The Management was delegated the authority and responsibility by the Board for the management and administration of the Group.

Each of our Independent Non-Executive Directors has presented an annual confirmation of independence to the Company in accordance with the requirement of the Listing Rules. The Company considered that all of the Independent Non-Executive Directors are independent.

None of the Directors has any financial, business, family or other material/relevant relationship(s) with each other.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and chief executive officer of the Company is Mr. Kwong Kai Sing, Benny. This deviates from Code Provision A.2.1 which stipulates that the roles of the Chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Kwong Kai Sing, Benny is primarily responsible for the leadership of the Board and overall management of the Company. The Company considers that currently vesting the roles of both Chairman and chief executive officer in the same person provided the Group with strong and consistent leadership and allows for more effective planning and execution of business strategies. However, the Company understands the importance to comply with the Code Provisions and it is also the Company's aim to comply with all the Code Provisions. Therefore, the Company will continue to consider the feasibility to comply with Code Provision A.2.1. If compliance is determined, appropriate persons will be nominated to the different roles of Chairman and chief executive officer.

NON-EXECUTIVE DIRECTORS

Although not less than one-third of the Directors of the Company (both executive and non-executive) are subject to retirement by rotation at the Company's annual general meeting (Code Provision A.4.2 requires every director should be subject to retirement by rotation at least once every three years (the "Rotation Period Restriction")) as specified by the Company's bye-laws, they are not appointed for a specific term. Thus the Company has deviated from Code Provision A.4.1. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those provided in the Code.

REMUNERATION OF DIRECTORS

The remuneration committee of the Company (the “Remuneration Committee”) was established in March 2006. As at the date of this report, the Remuneration Committee comprises two Independent Non-Executive Directors and one Executive Director:

- Mr. To Shing Chuen (*Independent Non-Executive Director*)
- Mr. Ha Kee Choy, Eugene (*Independent Non-Executive Director*)
- Ms. Poon Chi Wan (*Executive Director*)

The adopted terms of reference of the Remuneration Committee is in compliance with the Code Provision B.1.3.

The Remuneration Committee held one meeting during the financial year of 2006. Details of the attendance of the Remuneration Committee meeting were as follows:

Committee members		Attendance	Title
Mr. To Shing Chuen	(appointed on 8 March 2006)	I/I	Independent Non-Executive Director
Mr. Ha Kee Choy, Eugene	(appointed on 8 March 2006)	I/I	Chairman, Independent Non-Executive Director
Ms. Poon Chi Wan	(appointed on 8 March 2006)	I/I	Executive Director

The Directors are remunerated with reference to their responsibility with the Company, their qualifications, experiences and past remuneration, the Company’s performance and current market situation.

NOMINATION OF DIRECTORS

Nomination committee of the Company is not considered necessary after the assessment of the current situation of the Company. The Board will review the profile of current Directors and nominated directors (if any) on a regular basis in order to ensure that the composition of the Board is capable to fulfill its obligation and be responsible for the Company.

AUDITORS' REMUNERATION

During the year ended 31 March 2006, fees paid to the Company's external auditors for non-audit activities amounted to approximately HK\$555,000 which covered the high level review of the Group's interim financial statements for the period ended 30 September 2005 in the amount of approximately HK\$180,000, professional services rendered in relation to the Company's rights issue in the amount of approximately HK\$225,000 and a proposed acquisition of approximately HK\$150,000.

Audit fees for the current fiscal year 2006 is approximately HK\$1,410,000.

AUDIT COMMITTEE

The Audit Committee is composed of five Independent Non-Executive Directors namely Chan Sze Hung (Chairman of the Committee), To Shing Chuen, Miu Frank H., Ha Kee Choy, Eugene and Chung Yuk Lun. Two of the members possess appropriate professional accounting professional accounting qualification; the other one member is a practicing solicitor. Code Provision C.3.3 requires the terms of reference of the audit committee should include certain minimum duties. The terms of reference of the audit committee were revised to include all the duties set out in the Code Provision C.3.3 of which among other things include reviewing financial statements of the Company. Any findings and recommendations of the Audit Committee are to be submitted to the Board for consideration.

The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee. It is also authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

The members and attendance of the audit committee meetings for the year ended 31 March 2006 are as follows:

Name	Attended
Chan Sze Hung	2/2
To Shing Chuen	2/2
Miu Frank H.	2/2
Ha Kee Choy, Eugene	1/2
Chung Yuk Lun	2/2

During the meetings, the Audit Committee reviewed with external auditors regarding their audit on the Group's annual financial statements and reviewed the Group's interim financial results.

OTHERS

The Directors are responsible for the preparation of financial statements. The Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the financial statements. Also, the internal control system of the Group has also been reviewed during the year.

The statement of the auditors of the Company regarding their reporting responsibilities is set out in the Report of the Auditors on page 23 of this Annual Report.