

Corporate Governance Report

The Group is committed to maintaining high standard of corporate governance to enhance transparency and corporate value. The board of directors of the Company (“Board”) continually reviews and improves its corporate governance practices to ensure the Company keeps abreast of shareholders’ expectation.

The purpose of this report is to provide shareholders with information on the major principles and corporate governance practices adopted by the Company.

Throughout the year ended 31 March 2006, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (“CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited except for the division of responsibilities between the chairman and chief executive officer which should be clearly established and set out in writing. During the year, the Company has implemented measures to set out written guidelines on the roles of the Chairman and Chief Executive Officer. In the opinion of the Board, the Company has complied with all the code provisions of the CG Code as at 31 March 2006. Further details of the Company’s corporate governance practices will be described in the following sections.

BOARD OF DIRECTORS

The principal duty of the Board is to ensure that the Company is properly managed in the interest of the shareholders.

The Board, led by the Chairman, is responsible for the formulation of the Group’s business objectives and strategies. Matters reserved for the Board are those affecting the Group’s overall strategic policies, finance and risk management. The senior management is responsible for the day-to-day operations of the Group under the leadership of the executive directors. To this end, the senior management has to implement, follow up and monitor the business plans, internal controls and corporate governance practices developed by the Board.

Board Composition

As at 31 March 2006, the Board comprised three executive directors and three independent non-executive directors (“INEDs”). The Board has a balance of skills and experience appropriate for the requirements of the business of the Company. One of the INEDs has appropriate professional qualifications, or accounting or related financial management expertise as required under the Listing Rules. Biographical details of the directors are set out on pages 17 to 19.

Each of the INEDs has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers the INEDs to be independent. Having the INEDs in the Board ensure that independent judgment is exercised and that a proper balance of power is maintained for full and effective control of the Group and its executive management. Half of the Board is comprised of INEDs. The directors believe that the existing Board composition reflects the Company’s respect for high standards of business conduct commonly adopted by multinational enterprises. The INEDs perform an important role in safeguarding the Company’s shareholders interests.

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BOARD OF DIRECTORS *(continued)*

Board Composition *(continued)*

Each of the INEDs has entered into a service agreement with the Company for a term of one year and thereafter the appointment will be automatically renewed for successive one year period unless terminated by either party in writing prior to the expiry of the term. All the Company directors are required to retire by rotation in accordance with the Company's articles of association.

The Board as a whole is responsible for reviewing the Board composition (which include an assessment of the skills, knowledge and experience of the existing directors and suitable candidates) and for formulating procedures for appointment of its own members and for nominating them for election by the Company's shareholders on the first appointment and thereafter at regular intervals through the retirement by rotation process.

Chairman and Chief Executive Officer

The position of the Chairman and Chief Executive Officer ("CEO") are held by separate individuals. Such division of responsibilities helps to reinforce their independence and accountability.

The Chairman is responsible for providing leadership to, and overseeing the functioning of the Board to ensure that the Board acts in the best interest of the Company. The Chairman ensures that the Board is provided with sufficient relevant information that would enable the directors to effectively discharge their responsibilities.

The Group has two CEOs and they manage the business segments in which each of them is respectively in-charge of. The CEOs are responsible for the implementation of corporate goals, business strategies and policies resolved by the Board from time to time. The CEOs assume full accountability to the Board in respect of the Group's operations.

Board meetings

Board meetings are scheduled to be held at about quarterly interval. The senior management of the Group from time to time reports to the directors information on the activities and development of the Group's business. In addition, the Company's directors have full access to information on the Group and independent professional advice whenever deemed necessary by the directors.

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BOARD OF DIRECTORS *(continued)*

Board meetings *(continued)*

The attendance record of Board meetings held during the year is as follows:

Name of Directors	Attendance
<i>Executive Directors</i>	
Mr. So Yuk Kwan (<i>Chairman</i>)	4/4
Mr. Lee Jeong Kwan (<i>Chief Executive Officer</i>)	4/4
Mr. So Chi On (<i>Chief Executive Officer</i>)	4/4
Mr. Lai Yat Hung, Edmund*	3/3
<i>Independent Non-Executive Directors</i>	
Mr. Lui Ming Wah	4/4
Mr. Charles Edward Chapman	4/4
Mr. Wong Ka Kit	4/4

Note:

* Resigned as Executive Director and Chief Financial Officer on 1 March 2006.

BOARD COMMITTEES

The Board has established two committees with clearly defined written terms of reference. The independent views and recommendations of the two committees ensure the maintenance of proper internal controls within the Group.

Audit Committee

The Company has established the Audit Committee since 1999. The existing Audit Committee of the Company comprises three INEDs, namely Mr. Lui Ming Wah (Chairman of the Audit Committee), Mr. Charles Edward Chapman and Mr. Wong Ka Kit.

The terms of reference of the Audit Committee was revised on 1 January 2005 in terms substantially the same as the code provisions of the CG Code. The principal duties of Audit Committee include (i) review of the Group's financial information; (ii) review and supervision of the Group's financial reporting system and internal control procedures; and (iii) review of the relationship with the Company's external auditors.

During the year, two Audit Committee meetings were held and all the Audit Committee members had attended the meetings. The Audit Committee had reviewed the Group's audited annual results for the year ended 31 March 2005 and the interim results for the six months ended 30 September 2005. In addition, the Audit Committee members had also reviewed and discussed with the management the accounting principles and practices adopted by the Group, which include the auditing, internal control and financial reporting matters.

BOARD COMMITTEES *(continued)*

Remuneration Committee

The Company's Remuneration Committee was established in 2005 and consists of three INEDs. The existing Remuneration Committee is chaired by Mr. Lui Ming Wah and the other members include Mr. Charles Edward Chapman and Mr. Wong Ka Kit. One Remuneration Committee meeting was held during the year and all members had attended the meeting.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and reviewing the specific remuneration packages of all executive directors and senior management by reference to the Company's performance and profitability as well as remuneration benchmarks in the industry and the prevailing market conditions. No director or any of his associates shall be involved in deciding his own remuneration. The Remuneration Committee normally meets once a year and at other times as required. The Remuneration Committee had reviewed the directors' remuneration for the year ended 31 March 2006.

INTERNAL CONTROL

The Board reviews the Group's internal control system from time to time and will take any necessary and appropriate action to maintain an adequate internal control system to safeguard shareholders' interests. An overall review on the effectiveness of the internal control system will be discussed half-yearly with the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiry with the directors, all the directors confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2006.

AUDITORS' REMUNERATION

During the year, the remuneration paid/payable to the Company's independent auditors amounted to HK\$1,630,000 in respect of audit services. There have been no non-audit services rendered by the Company's independent auditors during the year.

ACCOUNTABILITY AND AUDIT

The directors acknowledge their responsibility for preparing the financial statements for the Group. The directors also ensure the publication of the Group's financial statements in a timely manner in accordance with the applicable laws, rules, regulations and accounting standards.

A statement by the Company's auditors about their reporting responsibilities on the Group's financial statements is set out in the Report of the Auditors on page 30.