

Corporate Governance Report

The board of directors of the Company (the “Board”) is committed to maintaining high standards of corporate governance. It believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain high standards of accountability and protect shareholders’ interest in general. The Board will continuously review and improve the corporate governance practices to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

The Board has complied with all the code provisions set out in Appendix 14 of the Codes on Corporate Governance Practices under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the year ended 30 April 2006 except for the deviations from Code Provisions A.2.1 which will be elaborated below.

BOARD OF DIRECTORS

The Board is responsible for the Group’s system of corporate governance and is ultimately accountable for the Group’s activities, strategy and financial performance. The Board has extensive corporate and strategic planning experience and industry knowledge. To enable all directors to make informed decisions in the Board meetings and to discharge their duties and responsibilities, appropriate, complete and reliable information prepared by the management are provided in a timely manner. The management is required to submit reports on the operations to the Board on a regular basis and make recommendations to the Board on the development of major projects or business proposals and their respective implementation. The Board is of the view that such division of responsibilities can enhance the corporate governance of the Company.

The appointment of all independent Non-Executive Directors strictly adheres to the guidelines for assessing independence set out in the rule 3.13 of the Listing Rules. The Independent Non-Executive Directors bring independent judgment to the Group’s strategy and policies through their informed contributions. The Board considers that there is a reasonable balance between executive and non-executive Directors and has provided adequate checks and balances for safeguarding the interests of shareholders and the Group.

The Board is currently comprised of three executive directors (one of whom is the Chairman) and three independent non-executive directors. The directors of the Company during the year and up to the date of this Annual Report were:

Executive Directors

Mr. Lo Wai Shing Felix, Chairman

Mr. Lau Kevin

Ms. Leung Wai Kuen Cerene

Independent Non-Executive Directors

Mr. Chu Chin Fan

Mr. Yeong Yun Hong Gary

Ms. Yan Po Kwan

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The biographical details of the directors are set out on page 7 of this Annual Report.

The Board has received from each independent Non-Executive Director an annual written confirmation of their independence and considers the Independent Non-Executive Directors to be independent of the Group. Moreover, all independent non-executive directors are appointed for a term of two years and are subject to retirement by rotation and re-election in accordance with the provisions in the Bye-laws of the Company.

Chairman and Chief Executive Officer

Provision A.2.1 of the Codes requires that the role of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The Group does not have a separate chairman and CEO and Mr. Lo Wai Shing Felix currently holds both positions. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive directors.

Board Meetings

Regular Board meetings are held at least four times a year to approve annual and interim results, review the business operation and the internal control system of the Group. At least 14 days' notice of each regular meeting is given to all directors. Agendas and accompanying Board papers are sent not less than 3 days before the date of Board meetings to ensure that the directors are given sufficient review time. The attendance record of each member of the Board during the year ended 30 April 2006 is set out below:

Directors	No. of Meetings Attended/Held	Attendance Rate
<i>Executive Directors</i>		
Mr. Lo Wai Shing Felix	4/4	100%
Mr. Lau Kevin	4/4	100%
Ms. Leung Wai Kuen Cerene	4/4	100%
<i>Independent Non-executive Directors</i>		
Mr. Chu Chin Fan	4/4	100%
Mr. Yeong Yun Hong Gary	4/4	100%
Ms. Yan Po Kwan	3/4	75%

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Directors' Securities Transactions

The Company has adopted the model code as set out in Appendix 10 of the Listing Rules ("Model Code"). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code and they all confirmed that they have fully complied with the required standard set out the Model Code throughout the year ended 30 April 2006.

The Board has also established written guidelines to be observed by relevant employees in respect of their dealings in the securities of the Company.

Remuneration Committee

By a board of directors' resolution on 31 October 2005, the remuneration committee of the Company (the "Remuneration Committee") was established with specific written terms of reference. Currently, Mr. Lo Wai Shing Felix is chairman of the Remuneration Committee and the other members are Mr. Chu Chin Fan, Mr. Yeong Yun Hong Gary and Ms. Yan Po Kwan. Majority members of the Remuneration Committee are independent non-executive directors. The Remuneration Committee meets at least once a year. The first Remuneration Committee meeting was held in January 2006 to discuss remuneration related matters.

The principal duties 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 special remuneration packages of all Executive Directors by reference to corporate goals and objectives resolved by the Board from time to time. The Company has adopted written terms of reference for the Remuneration Committee, which clearly defined the role, authority and function of the Remuneration Committee.

Other Board Committees

Two Board Committees, namely Investment Committee and Executive Committee, were set up to deal with specific matters delegated by the Board. The Investment Committee advises and formulates strategies related to the Group's investment activities. The Executive Committees review and deal with the daily operation of the Group.

Audit Committee

During the year ended 30 April 2006, the members of the Audit Committee were Mr. Chu Chin Fan (Chairman of the Audit Committee), Mr. Yeong Yun Hong Gary and Ms. Yan Po Kwan. At least one of the Audit Committee members has the appropriate professional qualification or accounting or related financial management expertise as required by the Listing Rules.

The principal duties of the Audit Committee include reviewing the Group's current financial standing, considering the nature and scope of audit reports, and ensuring internal control systems operate in accordance with applicable standards and conventions. The Company has adopted written terms of reference for the Audit Committee, which clearly defined the role, authority and function of the Audit Committee.

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The Audit committee held two meetings during the year and reported to the Board on their tasks regarding: (i) unaudited interim accounts and audited annual accounts (ii) the financial and accounting policies and practices, the internal control, financial control and risk management system of the Company.

Details of the individual Directors' attendance at the Audit Committee Meetings and the Remuneration Committee Meetings held in the year are set out in the following table:

Name of Directors	Meeting Attended/Eligible to Attend:	
	Audit Committee Meetings	Remuneration Committee Meeting
<i>Executive Directors</i>		
Mr. Lo Wai Shing Felix	2/2	1/1
Mr. Lau Kevin	–	–
Mr. Leung Wai Kuen Cerene	–	–
<i>Independent Non-executive Directors</i>		
Mr. Chu Chin Fan	2/2	1/1
Mr. Yeong Yun Hong Gary	2/2	1/1
Ms. Yan Po Kwan	2/2	1/1

Nomination of directors

The Board is empowered under the Company's Bye-laws to appoint any person as a director either to fill a casual vacancy on or as an additional member of the Board. Candidates to be selected and recommended are those who are experienced and competence and able to fulfill the fiduciary duties and duties of skill, care and diligence to a standard required of for listed companies' directors. A proposal for the appointment of a new Director together with detailed information on his/her educational and professional qualifications and the relevant working experience is submitted to the Board for decision in the appointment process. At every annual general meeting, one-third of the Directors are subject to retirement by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement at least once every three years. All new Directors will be subject to re-election by shareholders at the next following annual general meeting after their appointment.

During the year, the Company has not appointed or removed any director.

Internal control

A sound and effective internal control system is important to safeguard the shareholders' investment and the Company's assets. During the year, the Board has reviewed the effectiveness of the internal control system of the Group. The review covers all material controls, including financial, operational and compliance controls and risk management functions of the Group.

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Responsibility for preparation and reporting of accounts

The directors of the Company acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the auditors about their reporting responsibilities is set out on page 20 of this Annual Report. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as at 30 April 2006. Accordingly, the Directors have prepared the financial statement on a going concern basis.

Auditors' remuneration

On 8 May 2006, Messrs. CCIF CPA Limited ("CCIF") have been appointed as the auditors of the Group to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu ("Deloitte"). The Audit Committee recommended to the Board to re-appoint CCIF as the auditor of the Group. For the financial year ended 30 April 2006, the total remuneration in respect of statutory audit services provided by the external auditors, CCIF, amounted to HKD430,000. During the year, payment to Deloitte in respect of appointing them as reporting accountant for the rights issue and the open offer for convertible bonds services provided to the Group for the total amounted to HK\$700,000.