

## Corporate Governance Report

### (a) Corporate governance practices

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 March 2007 except for the following deviations:

Under Code Provision A.1.7, there should be a procedure agreed by the Board to enable directors to seek independent professional advice at the Company's expense. The Board has not adopted such procedure yet. However, directors are allowed to seek independent professional advice at the Company's expense practically.

Under Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of chairman of the Company is performed by Mr. Budiman Rahardja. The Company does not have a specific post of chief executive officer at present.

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Currently, the Company's non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws (the "Bye-laws"), so accomplishing the same purpose as a specific term of appointment.

Under Code Provision A.4.2, all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director including those appointed for a specific term, should be subject to retirement by rotation at least once every three year. The Company amended the Bye-laws to comply with Code Provision A.4.2 at the special general meeting convened on 28 November 2006.

The Company will review the situation as stated above when and as it becomes appropriate in future.

### (b) Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by directors of the Company (the "Code of Conduct"). The Company has made specific enquiry to all directors that they have complied with the Code of Conduct throughout the year ended 31 March 2007.

### (c) Board of directors

As at 31 March 2007, the Board comprised one executive director, one non-executive director and three independent non-executive directors. The biographical details of the directors are set out on page 7 of this Annual Report. At least one of the independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

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The following is the attendance record of board meetings held during the year ended 31 March 2007:

Number of board meetings (excluding committee meetings):	12
	No. of meetings attended
<i>Executive directors:</i>	
Mr. Budiman RAHARDJA ( <i>Chairman</i> )	10/12
Mr. KWAN Kei Chor, Samuel (resigned on 8 May 2006)	3/3
<i>Non-executive director:</i>	
Mr. CHEN Zhi Yung	2/12
<i>Independent non-executive directors:</i>	
Mr. LO Yuk Lam	0/12
Mr. WONG Kam Wah	12/12
Mr. NG Chun Hung, Lawrence	0/12

The Board's primary functions are to set corporate policy and overall strategy for the Group and to oversee the management of the Group's business and affairs. Accordingly, the Board approves the strategic plans, major disposals and acquisitions, connected transactions and other significant operational issues. Furthermore, board meetings are held in relation to day-to-day operations that require Board's approval.

### (d) Chairman and chief executive officer

The role of chairman of the Company is performed by Mr. Budiman Rahardja. The Company does not have a specific post of chief executive officer at present. The Chairman is also responsible for the management of the Group's business and operations. Having considered the current business operation and the size of the Group, the Board is of the view that the above arrangement is acceptable. The Board will review this situation when and as it becomes appropriate in the future.

### (e) Non-executive directors

The non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meeting at least once every three years in accordance with the Company's bye-laws.

### (f) Remuneration of directors

The Company has set up the Remuneration Committee with terms of reference adopted in compliance with the provisions set out in the Code. The Committee comprises three members, including two independent non-executive directors namely Mr. Lo Yuk Lam and Mr. Wong Kam Wah and one non-executive director namely Mr. Chen Zhi Yung.

The role and function of the Remuneration Committee includes the determination of the specific remunerations packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors. No director or any of his associates may be involved in any decisions as to his own remuneration.

During the year ended 31 March 2007, no Remuneration Committee meeting has been held as there have been no material changes in the remuneration packages for the directors during the year.

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### (g) Nomination of directors

The Company has not set up a nomination committee as the Board takes the role and function of nomination committee. Pursuant to the Company's bye-laws, the Board has the power to appoint any person as a director either to fill a causal vacancy or as an addition to the Board. Pursuant to the Company's bye-laws as amended by a special resolution passed at the special general meeting of the Company held on 28 November 2006, any director so appointed shall hold office only until the next following general meeting (in the case of the filling of casual vacancy) or the next following annual general meeting of the Company (in the case of an additional director) and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the directors or the number of directors who are to retire by rotation at such meeting.

### (h) Auditors' remuneration

An analysis of remuneration in respect of audit and non-audit services provided by BKR Lew & Barr Ltd. for the year ended 31 March 2007 is as follows:

	HK\$'000
Audit services	173
Non-audit services	277
	450

### (i) Audit committee

The Company has set up the Audit Committee with specific written terms of reference which clearly deal with its authorities and duties. The primary role and function of the Audit Committee is to assist the Board in providing an independent review of the Group's financial reporting and internal control systems.

The Committee comprises three members, including two independent non-executive directors namely Mr. Lo Yuk Lam and Mr. Wong Kam Wah and one non-executive director namely Mr. Chen Zhi Yung. Mr. Wong Kam Wah possesses relevant professional qualifications and financial management expertise and meets the requirements of rule 3.21 of the Listing Rules.

The following is the attendance record of Audit Committee meetings held during the year ended 31 March 2007:

Number of Audit Committee meetings	2
Name of members	No. of meetings attended
Mr. LO Yuk Lam	1/2
Mr. WONG Kam Wah	2/2
Mr. CHEN Zhi Yung	2/2

The Audit Committee has reviewed with the management the Group's adopted accounting principles and practices, internal controls and financial reporting matters in conjunction with the external auditors, including reviews of the unaudited financial statements for the six months ended 30 September 2006 and audited financial statements for the year ended 31 March 2007.