

CORPORATE GOVERNANCE REPORT

The company is committed to maintaining highest standards of corporate governance practice emphasising transparency, independence and accountability. The board believes that good corporate governance practice better safeguards the assets and protects the interests of the shareholders of the company.

The company has devised and adopted its own code of practice which essentially follows all Code Provisions and the relevant Recommended Best Practices under the Code on Corporate Governance Practices (“the Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except the deviations described below.

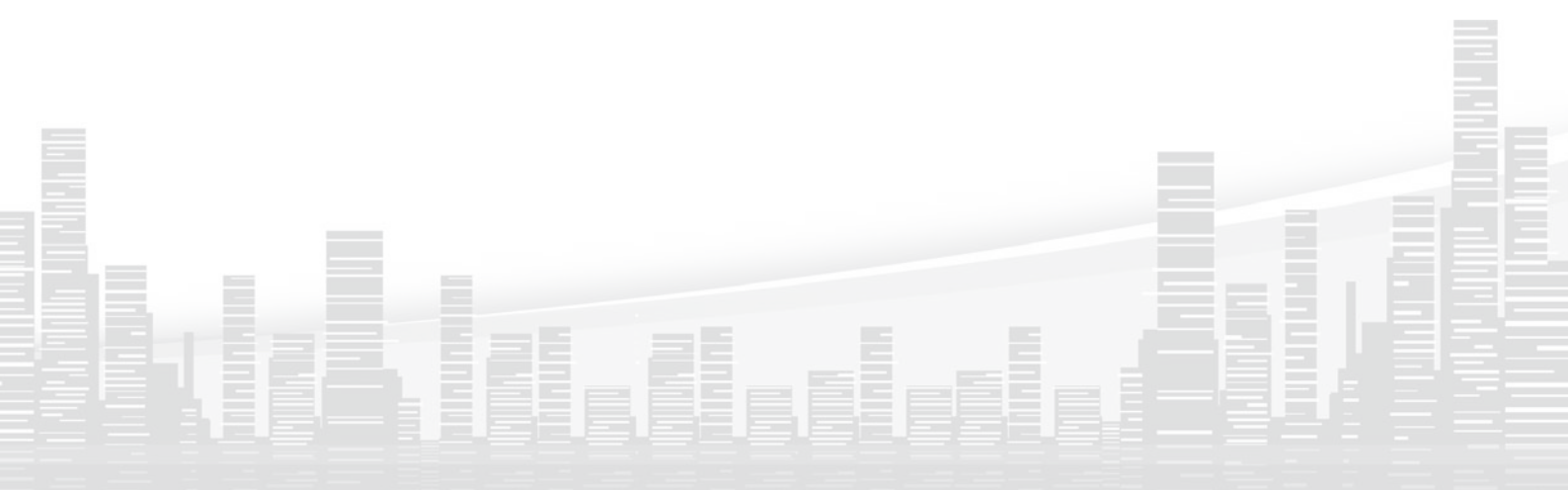
CORPORATE GOVERNANCE PRACTICE

Save for the exceptions below, the company has complied with all the Code Provisions of the Code throughout the year ended 31 March 2011:

1. The group has not designated any chief executive officer. In normal practice, prior approvals by all executive directors are required for all strategic decisions in formal board meeting or under written resolutions. The group believes that the existing organisation and decision making procedures are adequate for the group to cope with the ever-changing economic environment;
2. The non-executive and independent non-executive directors of the company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the company; and
3. Directors appointed to fill casual vacancy are not subject to election by shareholders at the first general meeting after their appointment. They will hold office until the next annual general meeting in which they are eligible for re-election.

DIRECTORS’ SECURITIES TRANSACTIONS

The company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Specific enquiry was made to all directors that the required standard set out in the Model Code was complied with.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

As at 31 March 2011, the board comprised eight directors, including three executive directors (one of them is chairman of the board), two non-executive directors and three independent non-executive directors. Biographical details of the directors are set out in the section "Directors and Senior Management" on pages 3 and 4.

The board is responsible for formulation of the group's strategy, overseeing the management of the business and affairs of the company. The board has delegated the following responsibilities to the management which is under the leadership of the three executive directors. These responsibilities include implementation of the decisions of the board; supervision and monitoring of the daily operation; monitoring and safeguarding the group's assets, and making recommendations for the group's development. As company's normal practice, prior approvals by all three executive directors are required for all strategic decisions such as acquisition and disposal of the group's assets. The major decisions are then confirmed in formal board meetings or under written resolutions. The management reports to the board their work and business decision in regular meetings. The key and important decisions including approval of interim and annual results, directors' report, corporate governance report, dividend policy and nomination of directors are fully discussed at board meetings. Other issues reserved to the full board for decision includes any matters involving a conflict of interest for a substantial shareholder or director, major transactions involving acquisition or disposals of assets, investment and capital projects, treasury policies, risk management policies and key human resources issues.

More than one-third of the board members are independent non-executive directors and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise.

During the year, four full board meetings were held with 100% attendance rate. Individual attendance of directors is shown in the following table.

Table – Number of full board meetings and committee meetings attended by each director during the year

	Scheduled board meetings	Audit committee meetings	Remuneration committee meetings
Executive directors			
Mr. Ng See Wah	4/4	N/A	N/A
Mr. Ng Tai Wai	4/4	N/A	3/3
Mr. Ng Tai Yin, Victor	4/4	N/A	N/A
Non-executive directors			
Mr. So Kwok Leung	4/4	N/A	N/A
Mr. So Kwok Wai, Benjamin	4/4	2/2	N/A
Independent non-executive directors			
Dr. Loke Yu alias Loke Hoi Lam	4/4	2/2	3/3
Mr. Ng Chi Yeung, Simon	4/4	2/2	3/3
Ms. Chan Suit Fei, Esther	4/4	2/2	3/3

(i) 4/4 denotes attendance of 4 out of total of 4 meetings, and so on

(ii) N/A – not applicable

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(Continued)*

Regarding the full board meetings, the directors received at least 14 days prior written notice of the meeting and an agenda with supporting papers no less than 3 days prior to the meeting. With respect to other adhoc meetings, the directors will be given as much notice as is reasonable and practicable in the circumstances.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Ng See Wah is the chairman of the board and none of directors is designated as chief executive officer.

The chairman directed the company secretary to draw up the agenda for each board meeting. With the assistance of the directors and the company secretary, the chairman ensured that all directors were properly briefed on the issues discussed at the board meetings and all directors received adequate, complete and reliable information in a timely manner.

The role of chief executive officer was jointly performed by the three executive directors. The responsibilities include: providing leadership of the management; implementing and reporting to the board on the company's strategy; monitoring the performance of day-to-day management; establishing, maintaining and periodically reviewing proper internal controls, disclosures and procedures; and discharging the duties delegated by the board.

NON-EXECUTIVE DIRECTORS

The non-executive and independent non-executive directors of the company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the company.

REMUNERATION COMMITTEE

The remuneration committee, consisting of three independent non-executive directors and one executive director, has been established since 15 December 2004. The committee reviews the remuneration package of the executive directors, non-executive directors and senior management, and makes appropriate recommendations to the board. Staff remuneration is determined by the group's management by reference to their qualification, work experience, performance and prevailing market conditions.

The chairman of the remuneration committee is Mr. Ng Chi Yeung, Simon and the committee members are Dr. Loke Yu alias Loke Hoi Lam, Mr. Ng Tai Wai and Ms. Chan Suit Fei, Esther.

During the year, three meetings of the committee were held with 100% attendance rate. Individual attendance of member is shown on page 8 in the section "Board of directors".

The work performed by the remuneration committee during the year included the following:

- Recommended percentage of salary increment for all executive directors and senior management of the company;
- Endorsed the double-pay/bonus paid to the co-founder director; and
- Recommended the preparation for a service contract incorporating a double-pay/bonus to the co-founder director.

CORPORATE GOVERNANCE REPORT

NOMINATION OF DIRECTORS

No nomination committee has been set up, and hence the nomination and selection processes are performed by the board.

New appointment of directors is first considered by any one of the directors. His/her recommendations are then put to the board for decision. Thereafter, all newly appointed directors are subject to election by shareholders at the annual general meeting in their first year of appointment.

At each annual general meeting, one-third of the directors (if the number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and eligible for re-election.

In considering the new appointment or re-appointment of directors, the board will base its decision on criteria such as integrity, independence, experience, skill and the ability to commit time and effort to carry out his/her duties and responsibilities, etc.

During the year, the issue of rotation of directors was considered in one of the regular board meetings with 100% attendance rate. Attendance of individual member is shown on page 8 in the section "Board of directors". The board reviewed the adequacy of the size and composition of the board and conducted an annual review of the independence of the independent non-executive directors. The board received the independence confirmation from all independent non-executive directors.

AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services, which included taxation, review of interim accounts and advisory services, provided by the auditors and its common control entity during the year ended 31 March 2011 is as follows:

	HK\$
Audit fee	
– current year	170,000
– Under-provision in prior year	5,000
	175,000
Other non-audit services	
Taxation services	14,000
Interim review	26,000
	40,000
Other non-audit professional services provided by affiliated company	77,488
Total	292,488



CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The audit committee currently consists of three independent non-executive directors and one non-executive director. The chairman of the audit committee is Dr. Loke Yu alias Loke Hoi Lam and the committee members are Mr. Ng Chi Yeung, Simon, Mr. So Kwok Wai, Benjamin, and Ms. Chan Suit Fei, Esther. The terms of reference of the audit committee align with the Code Provisions of the Code.

During the year, two meetings were held with 100% attendance rate. Attendance of individual member is shown on page 8 in the section "Board of directors".

The work performed by the audit committee during the year included the following:

- Review of and discussion with the management the accounting principles and practices adopted by the group and other financial reporting matters;
- Review of the annual report and interim report for the completeness, accuracy and truth and fairness of the financial statements of the group;
- Review of the results of external audit and discussion with the external auditors on any significant audit findings and issues;
- Discussion of the effectiveness of the system of internal controls of the group; and
- Review of the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget.

ACCOUNTABILITY

The directors acknowledge their responsibility for preparing the financial statements of the company which give a true and fair view in accordance with Hong Kong Financial Reporting Standards. The directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the board and management with an appropriate consideration of materiality.

The directors, having made appropriate enquires, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the company's ability to continue as going concern. Accordingly, the directors have prepared the financial statements of the company on a going concern basis.

The board has conducted a review of the effectiveness of the system of internal controls, including financial, operational and compliance controls and risk management functions.

