

Directors' Report

董事會報告書

The directors of the Company present the Directors' Report together with the audited financial statements for the year ended 31st March, 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 16 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2004 are set out in the consolidated income statement on page 39.

The Company had distributed a total of 351,257,794 shares of Leadership Publishing Group Limited held by the Group as special interim dividends to all shareholders of the Company, whose names appear on the register of members of the Company as at 5th December, 2003, on a pro-rata basis.

Other than the above, no dividend was paid during the year.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 28 to the financial statements.

DISTRIBUTABLE RESERVES

Pursuant to the Companies Act 1981 of Bermuda, at 31st March, 2004, the Company cannot distribute any of its reserves to the shareholders of the Company. However, the Company's share premium account of HK\$1,776,000 as at 31st March, 2004 can be distributed in the form of fully paid bonus shares.

本公司之董事呈奉截至二零零四年三月三十一日止年度之董事會報告書及經審核財務報告。

主要業務

本公司之主要業務為投資控股，其主要附屬公司之業務載於財務報告附註16。

業績及分派

本集團截至二零零四年三月三十一日止年度之業績載於第39頁之綜合收益表。

本公司已向於二零零三年十二月五日所有名列本公司股東名冊之本公司股東按比例分派本集團所持之現代旌旗出版集團有限公司合共351,257,794股股份，作為特別中期股息。

除上文所述者外，年內概無支付股息。

股本

本公司之股本於年內之變動詳情載於財務報告附註28。

可供分派儲備

根據百慕達一九八一年公司法，於二零零四年三月三十一日，本公司未能向本公司之股東分派其儲備。然而，本公司於二零零四年三月三十一日之股份溢價賬中之港幣1,776,000元可以繳足紅股之方式作分派。

ADOPTION OF NEW CHINESE NAME

The adoption of “陽光體育媒體集團有限公司” as new Chinese name of the Company for identification purposes was approved by the shareholders of the Company at a special general meeting of the Company held on 19 July 2004 and has become effective on the even date.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2004, the aggregate sales attributable to the Group's five largest customers were less than 30% of the total turnover. The aggregate purchases contributed to the Group's five largest suppliers were less than 30% of the Group's cost of sales.

採納新中文名稱

本公司股東於二零零四年七月十九日舉行之本公司股東特別大會上批准採納「陽光體育媒體集團有限公司」為本公司之新中文名稱以供識別，而該新中文名稱亦於同日正式生效。

物業、機器及設備

本集團之物業、機器及設備於年內之變動詳情載於財務報告附註14。

主要客戶及供應商

截至二零零四年三月三十一日止年度，本集團五大客戶之銷售總額佔總營業額不足30%。本集團之五大供應商的購貨總額佔本集團之銷售成本不足30%。

Directors' Report

董事會 報告書

DIRECTORS

The directors of the Company in office during the year and up to the date of this report are as follows:

Executive Directors:

Dr. Wu Zheng, Bruno

Mr. Duan Yongji (retired on 28th July, 2003 and re-appointed on 15th September, 2003)

Ms. Yang Lan

Mr. Chen Han Yuan (retired on 28th July, 2003, re-appointed on 15th September, 2003 and resigned on 3rd June, 2004)

Mr. Chen Xiaotao

Mr. Ding Yucheng (appointed on 3rd June, 2004)

Mr. Hu Yishi (appointed on 3rd June, 2004)

Mr. Li John Zongyang

Mr. Lin Ning (retired on 28th July, 2003 and re-appointed on 15th September, 2003)

Mr. Lu Guoyuan (appointed on 19th June, 2003, retired on 28th July, 2003 and re-appointed on 15th September, 2003)

Mr. Mao Daolin (resigned on 16th May, 2003)

Mr. Wu Chien-Chiang (retired on 28th July, 2003, re-appointed on 15th September, 2003 and resigned on 3rd June, 2004)

Mr. Xu Zhongmin (resigned on 19th June, 2003)

Independent Non-executive Directors:

Mr. Yan Tat Wah, Joseph (retired on 28th July, 2003 and re-appointed on 15th September, 2003)

Mr. Yuen Kon Ming, Jason (retired on 28th July, 2003 and re-appointed on 15th September, 2003)

董事

於年內及截至本年報日期在任之本公司董事如下：

執行董事：

吳征博士

段永基先生(於二零零三年七月二十八日退任及於二零零三年九月十五日獲重新委任)

楊瀾女士

陳漢元先生(於二零零三年七月二十八日退任、於二零零三年九月十五日獲重新委任及於二零零四年六月三日辭任)

陳曉濤先生

丁宇澄先生(於二零零四年六月三日獲委任)

胡翼時先生(於二零零四年六月三日獲委任)

李宗揚先生

林寧先生(於二零零三年七月二十八日退任及於二零零三年九月十五日獲重新委任)

陸國元先生(於二零零三年六月十九日獲委任、於二零零三年七月二十八日退任及於二零零三年九月十五日獲重新委任)

茅道臨先生(於二零零三年五月十六日辭任)

吳健強先生(於二零零三年七月二十八日退任、於二零零三年九月十五日獲重新委任及於二零零四年六月三日辭任)

許鐘民先生(於二零零三年六月十九日辭任)

獨立非執行董事：

甄達華先生(於二零零三年七月二十八日退任及於二零零三年九月十五日獲重新委任)

袁幹明先生(於二零零三年七月二十八日退任及於二零零三年九月十五日獲重新委任)

DIRECTORS *(Continued)*

In accordance with the Company's Bye-laws, Messrs. Ding Yucheng and Hu Yishi could only hold their office as directors of the Company until the forthcoming annual general meeting (the "AGM") of the Company whilst Mr. Li John Zongyang shall retire by rotation at the AGM. In addition, Messrs. Yan Tat Wah, Joseph and Yuen Kon Ming, Jason are subject to re-appointment at the AGM. These directors, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS

During the year, none of the Directors had any service contracts with any members of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

董事 (續)

根據本公司之公司細則，丁宇澄先生及胡翼時先生擔任本公司董事的任期僅直至本公司之應屆股東週年大會（「股東週年大會」），而李宗揚先生須於股東週年大會上輪席告退。此外，甄達華先生及袁幹明先生須於股東週年大會上重新委任。該等董事均符合資格並願意於股東週年大會上膺選連任。

董事之服務合約

年內，概無董事與本集團之任何成員訂立任何服務合約（於一年內屆滿或僱主可於一年內免付賠償（法定賠償除外）予以終止之服務合約除外）。

Directors' Report

董事會報告書

DIRECTORS' INTERESTS IN SECURITIES

As at 31st March, 2004, the interests of the directors and their respective associates in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code to Securities Transactions (the "Model Code") by Directors of the Listed Companies were as follows:

(1) Long position in shares

股份之好倉

Director 董事	Capacity 身份	Number of ordinary shares held 所持普通股 數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Dr. Wu Zheng, Bruno 吳征博士	Beneficial owner/ held by spouse/ held by controlled corporation 實益擁有人／配偶所持／ 受控制公司所持	737,940,000 (Note) (附註)	5.33%
Ms. Yang Lan 楊瀾女士	Beneficial owner/ held by spouse/ held by controlled corporation 實益擁有人／ 配偶所持／ 受控制公司所持	737,940,000 (Note) (附註)	5.33%
Mr. Li John Zongyang 李宗揚先生	Beneficial owner 實益擁有人	20,000,000	0.14%

董事之證券權益

於二零零四年三月三十一日，各董事及彼等各自之聯繫人士於本公司及其相聯法團(定義見香港證券及期貨條例(「證券及期貨條例」)第XV部)之股份及相關股份中擁有根據證券及期貨條例第352條規定本公司須記入存置之登記冊內或根據上市公司董事進行證券交易的標準守則(「標準守則」)須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益如下：

DIRECTORS' INTERESTS IN SECURITIES (Continued)

(1) Long position in shares (Continued)

Note:

307,940,000 and 300,000,000 shares were held by Ms. Yang Lan and Excel Asia Profits Limited ("Excel Asia") respectively. Ms. Yang Lan has 80% beneficial interests in Excel Asia.

100,000,000 shares were held by Sun Media Investment Holdings Limited in which each of Ms. Yang Lan and Dr. Wu Zheng, Bruno, who is the spouse of Ms. Yang Lan, have 50% beneficial interests.

30,000,000 shares were held by Dr. Wu Zheng, Bruno.

Therefore, Dr. Wu Zheng, Bruno and Ms. Yang Lan were deemed to be interested in 737,940,000 shares in the Company.

Save as disclosed above, as at 31st March, 2004, none of the directors, chief executives or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事之證券權益 (續)

(1) 股份之好倉 (續)

附註：

307,940,000股份及300,000,000股股份乃分別由楊瀾女士及Excel Asia Profits Limited(「Excel Asia」)持有，楊瀾女士於Excel Asia擁有80%實益權益。

100,000,000股股份乃由Sun Media Investment Holdings Limited持有，Sun Media Investment Holdings Limited由楊瀾女士及吳征博士(為楊瀾女士之配偶)各自擁有50%實益權益。

30,000,000股股份乃由吳征博士持有。

因此，吳征博士及楊瀾女士被視作擁有本公司737,940,000股股份之權益。

除上文所披露者外，於二零零四年三月三十一日，各董事、主要行政人員或彼等之聯繫人士概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債權證中擁有根據證券及期貨條例第352條規定本公司須記入存置之登記冊內或根據標準守則須知會本公司及聯交所之任何權益或淡倉。

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DIRECTORS' INTERESTS IN SECURITIES (Continued)

(2) Rights to acquire shares

As at 31st March, 2004, details of the movements in the share options to subscribe for shares of HK\$0.01 each in the Company granted by the Company to certain directors pursuant to Old Option Scheme as set out in note 39 to the financial statements were as follows:

Director 董事	Exercisable period 可行使期間	Exercise price 行使價 HK\$ 港幣	Date of options granted 購股權授出日期	Number of options 購股權數目			Outstanding at 31.3.2004 於二零零四年三月三十一日 尚未行使
				Outstanding at 1.4.2003 於二零零三年四月一日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	
Dr. Wu Zheng, Bruno 吳征博士	5.9.2000 — 4.9.2010	0.241	5.9.2000	30,000,000	—	—	30,000,000
	31.1.2001 — 30.1.2011	0.152	31.1.2001	80,000,000	—	—	80,000,000
Ms. Yang Lan 楊瀾女士	27.4.2000 — 26.4.2010	0.176	27.4.2000	37,000,000	—	—	37,000,000
	31.1.2001 — 30.1.2011	0.152	31.1.2001	80,000,000	—	—	80,000,000
	4.1.2002 — 3.1.2012	0.109	4.1.2002	30,000,000	—	—	30,000,000
Mr. Duan Yongji 段永基先生	4.1.2002 — 3.1.2012	0.109	4.1.2002	40,000,000	—	—	40,000,000
	16.9.2002 — 15.9.2012	0.071	16.9.2002	10,000,000	—	—	10,000,000

董事之證券權益 (續)

(2) 購買股份之權利

於二零零四年三月三十一日，本公司根據財務報告附註39所載原購股權計劃向若干董事授出可認購本公司每股面值港幣0.01元股份之購股權之變動詳情如下：

DIRECTORS' INTERESTS IN SECURITIES (Continued)
董事之證券權益 (續)
(2) Rights to acquire shares (Continued)
(2) 購買股份之權利 (續)

Director 董事	Exercisable period 可行使期間	Exercise price 行使價 HK\$ 港幣	Date of options granted 購股權 授出日期	Number of options 購股權數目			
				Outstanding at 1.4.2003 於二零零三年 四月一日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Outstanding at 31.3.2004 於二零零四 三月三十一日 尚未行使
Mr. Chen Han Yuan 陳漢元先生	27.4.2000 — 26.4.2010	0.176	27.4.2000	1,000,000	—	—	1,000,000
	31.1.2001 — 30.1.2011	0.152	31.1.2001	1,000,000	—	—	1,000,000
	14.6.2001 — 13.6.2011	0.129	14.6.2001	1,000,000	—	—	1,000,000
	8.8.2002 — 7.8.2012	0.072	8.8.2002	3,000,000	—	—	3,000,000
Mr. Chen Xiaotao 陳曉濤先生	7.1.2002 — 6.1.2012	0.114	7.1.2002	15,000,000	—	—	15,000,000
	16.9.2002 — 15.9.2012	0.071	16.9.2002	10,000,000	—	—	10,000,000
Mr. Li John Zongyang 李宗揚先生	16.9.2002 — 15.9.2012	0.071	16.9.2002	10,000,000	—	—	10,000,000
Mr. Lin Ning 林寧先生	8.8.2002 — 7.8.2012	0.072	8.8.2002	8,000,000	—	—	8,000,000
Mr. Xu Zhongmin 許鐘民先生	16.9.2002 — 15.9.2012	0.071	16.9.2002	30,000,000	—	—	30,000,000 (Note) (附註)
Mr. Wu Chien-Chiang 吳健強先生	16.9.2002 — 15.9.2012	0.071	16.9.2002	15,000,000	—	—	15,000,000
				401,000,000	—	—	401,000,000

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DIRECTORS' INTERESTS IN SECURITIES (Continued)

(2) Rights to acquire shares (Continued)

Note:

The interests disclosed for Mr. Xu Zhongmin represented his interests at the date of his resignation as director of the Company on 19th June, 2003. These share options were fully lapsed after 31st March, 2004.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or their spouse or children under age of 18 years to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, or had exercised such rights.

SHARE OPTION SCHEMES

Particulars of the Company's share option scheme and details of movements in the Company's share options during the year to subscribe for shares of HK\$0.01 each in the share capital of the Company granted under the share option scheme are set out in note 39 to the financial statements.

At the date of this report, the number of shares in respect of which options had been granted and remained outstanding under the share option schemes represents 5% of the issued share capital of the Company.

DIRECTORS' INTEREST IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year, the Group purchased certain property, plant and equipment of HK\$550,000 from a subsidiary of Sun Stone Media Group Limited, in which Ms. Yang Lan and Dr. Wu Zheng, Bruno, the executive directors of the Company, have beneficial interests. The property, plant and equipment were transferred at their net book values.

董事之證券權益 (續)

(2) 購買股份之權利 (續)

附註：

在此披露之權益已為許鐘民先生在二零零三年六月十九日辭任本公司董事當日之權益。該等購股權已於二零零四年三月三十一日後全數失效。

除上文所披露者外，於年內任何時間，本公司或其任何附屬公司並無訂立任何安排，致使本公司之董事或主要行政人員或彼等之配偶或未滿十八歲之子女可藉購入本公司或任何其他法人團體之股份或債權證而獲益或曾行使該等權利。

購股權計劃

本公司之購股權計劃的詳細資料及根據購股權計劃授出可認購本公司股本中每股面值港幣0.01元之股份之本公司購股權於年內之變動詳情載於財務報告附註39。

於本報告日期，根據購股權計劃授出及尚未行使之購股權所涉及之股份數目佔本公司已發行股本5%。

董事於合約及關連交易之權益

年內，本集團向陽光四通媒體(集團)有限公司之附屬公司(本公司之執行董事楊瀾女士及吳征博士於當中擁有實益權益)購入港幣550,000元之若干物業、機器及設備。該等物業、機器及設備已按其賬面淨值轉讓。

DIRECTORS' INTEREST IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Save as disclosed above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, where directly or indirectly, subsisted at 31st March, 2004 or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of their relevant interests in the shares or underlying shares of the Company.

Name 名稱	Number of Shares held 所持股份數目	Percentage of holding 持股百分比	Number of underlying shares 相關股份數目	Percentage of holding 持股百分比
SINA Corporation 新浪	2,028,122,000	14.64%	—	—
China Strategic Holdings Limited ("China Strategic") 中策集團有限公司(「中策」)	549,814,200	3.97%	155,048,000 (Note) (附註)	1.12%

Note:

Such shares will be allotted and issued at a price of HK\$0.1 each (subject to adjustment) by the Company to China Strategic pursuant to an agreement dated 23rd November 2002 made between, among others, the Company and China Strategic as consideration for the assignment of the rights by China Strategic to the Company in respect of a shareholder's loan of HK\$15,504,800 to Leadership Publishing Group Limited, a former subsidiary of the Company, at the expiry of 24 months after completion of the said agreement on 24th January 2003. Details of the said agreement were disclosed in an announcement of the Company dated 9th December 2002.

Save as disclosed above, the Company has not been notified of any other relevant interests or short position in the issued share capital of the Company as at 31st March, 2004.

董事於合約及關連交易之權益 (續)

除上文所披露者外，本公司董事於本公司或其任何附屬公司於二零零四年三月三十一日或年內任何時間仍然生效且對本公司或其任何附屬公司有重大影響之重大合約中，並無直接或間接擁有任何重大權益。

主要股東

於二零零四年三月三十一日，按本公司根據證券及期貨條例第336條存置之主要股東名冊所示，除上文所披露之若干董事之權益外，下列股東已知會彼等於本公司股份或相關股份之有關權益。

附註：

根據(其中包括)本公司與中策於二零零二年十一月二十三日訂立之協議，本公司將以每股港幣0.1元(可予調整)配發及發行該等股份，作為中策向本公司之前附屬公司現代旗旗出版集團有限公司提供之股東貸款港幣15,504,800元之權利轉讓予本公司之代價，貸款將於二零零三年一月二十四日上述協議完成後二十四個月屆滿。上述協議之詳情已在本公司於二零零二年十二月九日之公佈作出披露。

除上文所披露者外，於二零零四年三月三十一日，本公司並無獲知會於本公司已發行股本中之任何其他有關權益或淡倉。

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董事會報告書

PURCHASE, REDEMPTION OR SALE OF SHARES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's Shares during the year.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 43 to the financial statements.

CORPORATE GOVERNANCE

Audit Committee

The Audit Committee, which comprises two independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited consolidated financial results for the year ended 31st March, 2004.

Compliance with Code of Best Practice

In the opinion of the board of directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules during the year.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Wu Zheng, Bruno

Director

Hong Kong, 27th July 2004

購買、贖回或出售股份

本公司或其任何附屬公司並無於年內購買、贖回或出售本公司之任何股份。

結算日後事項

重大結算日後事項之詳情載於財務報告附註43。

公司管治

審核委員會

由本公司兩名獨立非執行董事組成之審核委員會，於年內已與管理層審閱本集團所採納之會計政策及慣例，並已商討審核、內部控制及財務報告之事宜，包括審閱截至二零零四年三月三十一日止年度之經審核綜合財務業績。

遵守最佳應用守則

董事會認為，本公司於年內一直遵守上市規則附錄十四所載之最佳應用守則。

核數師

一項決議案將於本公司之應屆股東週年大會上提呈，以續聘德勤•關黃陳方會計師行為本公司之核數師。

承董事會命

吳征

董事

香港，二零零四年七月二十七日