

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal subsidiaries are set out in Note 13 to the financial statements.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to results by business segments for the year ended 31 March 2005 is set out in note 4 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the largest customer and the next four largest customers accounted for 16% (2004: 30%) and 49% (2004: 45%) of the Group's total turnover respectively for the year.

Purchases from the largest supplier and the next four largest suppliers accounted for 45% (2004: 47%) and 51% (2004: 32%) of the Group's total purchases respectively for the year.

As at 31 March 2005, none of the Directors, their associates, or any shareholders of the Company which to the knowledge of the Directors owns more than 5% of the Company's issued share capital had beneficial interests in any of the Group's five largest customers or five largest suppliers as mentioned in the preceding paragraphs.

董事會報告書

董事會欣然提呈截至二零零五年三月三十一日止年度之年報及經審核財務報表。

主要業務

本公司之主要業務為投資控股。有關各主要附屬公司之詳情載於財務報表附註13。

分類資料

截至二零零五年三月三十一日止年度期間，本集團之營業額及業務分類對業務之貢獻分析載於財務報表附註4。

主要客戶及供應商

年內，向最大及其餘四大客戶之銷售分別佔本集團本年度總營業額16%（二零零四年：30%）及49%（二零零四年：45%）。

年內，最大及其餘四大供應商之採購額分別佔本集團本年度總採購額45%（二零零四年：47%）及51%（二零零四年：32%）。

於二零零五年三月三十一日，董事、彼等之聯繫人士或任何股東（據董事所知擁有本公司已發行股本5%以上權益）概無擁有上述本集團五大客戶或五大供應商之任何實益權益。

DIRECTORS' REPORT *(Continued)*

RESULTS AND DIVIDENDS

The result of the Group for the year ended 31 March 2005 and the state of the Group's and the Company's affairs as at that date are set out in the financial statements on pages 40 to 45.

The Board does not recommend any payment of dividend for the year ended 31 March 2005 (2004: HK\$Nil).

RESERVES

Movements in reserves of the Group and the Company during the year are set out in Note 27 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 12 to the financial statements.

Additions to property, plant and equipment of the Group during the year amounted to HK\$4,710,000 (2004: HK\$2,611,000).

董事會報告書 (續)

業績及股息

本集團截至二零零五年三月三十一日止年度之業績以及本集團及本公司於當日之財務狀況載於財務報表第40頁至第45頁。

董事會並不建議就截至二零零五年三月三十一日止年度派付任何股息(二零零四年：零港元)。

儲備

本集團及本公司於年內之儲備變動狀況載於財務報表附註27。

物業、廠房及設備

於年內，物業、廠房及設備之變動狀況載於財務報表附註12。

本集團於年內添置達4,710,000港元(二零零四年：2,611,000港元)之物業、廠房及設備。

DIRECTORS' REPORT (Continued)**RULE 13.13 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED ("LISTING RULES") DISCLOSURE RELATING TO GROUP'S ADVANCES TO ENTITY**

During the year ended 31 March 2005, the Group had entered into an agreement ("Agreement") with Honour Time Trading Limited in respect of a possible investment in a joint venture company which would be involved in the business of providing services to the junket operator of a gaming area in the VIP room of Carnival Club, Galaxy Waldo Casino, Macau and a deposit in the amount of HK\$8,000,000 was made to Honour Time Trading Limited ("Deposit"). However, upon the request of a major shareholder, the Company decided to terminate the proposed investment and entered into a termination agreement under which the Agreement was terminated and the parties thereon have agreed to waive all claims in respect of the Agreement, and the Deposit paid would be refunded to the Group without interest. Out of the total Deposit paid, HK\$3,000,000 has been refunded subsequent to the financial year end and the balance will be refunded on or before 31 July 2005.

The Group's audited consolidated total assets as at 31 March 2005 amounted to approximately HK\$90,950,000. Accordingly, such Deposit represent approximately 8.8 per cent of the Group's audited consolidated total assets as at 31 March 2005.

Honour Time Trading Limited is an independent third party not connected with any member of the Group, their respective directors, chief executive or substantial shareholders or substantial shareholders any of their respective associates (within the meaning of the Listing Rules).

BORROWINGS

Details of borrowings of the Group and the Company as at 31 March 2005 are set out in Note 22, 23, 24 and 25 to the financial statements.

董事會報告書 (續)**香港聯合交易所有限公司證券上市規則 (「上市規則」) 第13.13條有關本集團墊付予一家實體公司之披露**

於二零零五年三月三十一日止年度，本集團與 Honour Time Trading Limited 簽訂協議 (「協議」) 投資於一家新合營公司，該合營公司之業務涉及向一家經營澳門銀河華都娛樂場嘉年華會貴賓房賭場之營運商提供服務，且為數 8,000,000 港元之按金 (「按金」) 已支付予 Honour Time Trading Limited。然而，本公司應一名主要股東的要求，決定終止投資建議，並簽訂一項終止協議以終止該協議。各訂約方同意豁免一切該協議之索償，而已付之按金將不計利息退還予本集團。於本財政年度結束後，已總按金中之 3,000,000 港元已予退還，餘額將於二零零五年七月三十一日或之前退還。

於二零零五年三月三十一日，本集團之經審核綜合總資產約為 90,950,000 港元。因此，該等按金佔本集團於二零零五年三月三十一日之經審核綜合總資產約 8.8%。

Honour Time Trading Limited 為獨立第三方，與本集團任何成員公司、彼等各自之董事、主要行政人員或主要股東或彼等各自之任何聯繫人士 (定義見上市規則) 概無關連。

借貸

本集團及本公司於二零零五年三月三十一日之借貸詳情載於財務報表附註 22、23、24 及 25。

DIRECTORS' REPORT *(Continued)*

FIVE YEARS SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 4 of the annual report.

SHARE CAPITAL

Movements in share capital of the Company during the year are set in Note 26 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Group and the Company as at 31 March 2005 are set out in Note 27 to the financial statements.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in Note 33 to the financial statements.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Loo Chung Keung, Steve	(Appointed on 9 March 2005)
Mr. Chan Wai Ming	(Appointed on 9 March 2005)
Mr. Sun Yeung Yeung	
Ms. Tin Yuen Sin, Carol	(Appointed on 13 April 2005)
Mr. Gouw Hiap Kian	(Resigned on 10 September 2004)

董事會報告書 *(續)*

五年概要

本集團於最近五個財政年度之業績及資產與負債之概要載於本年報第4頁。

股本

年內，本公司之股本變動情況載於財務報表附註26。

優先購股權

百慕達法例並無關於優先購股權之條文規定本公司須按比例向現有股東發售新股。

可供分配儲備

本集團及本公司於二零零五年三月三十一日之可供分配儲備詳情載於財務報表附註27。

結算日後事項

結算日後發生之重大事項詳情載於財務報表附註33。

董事

於年內及截至報告日期，列位董事為：

執行董事

盧重強先生	(於二零零五年三月九日獲委任)
陳偉明先生	(於二零零五年三月九日獲委任)
孫揚陽先生	
田琬善女士	(於二零零五年四月十三日獲委任)
吳協建先生	(於二零零四年九月十日辭任)

DIRECTORS' REPORT (Continued)

DIRECTORS (Continued)

Non-executive Directors

Mr. Gouw Kar Yiu, Carl,	(Re-designated on 9 March 2005)
Ms. Gouw San Bo, Elizabeth	(Re-designated on 9 March 2005)
Mr. Tung Tat Chiu, Michael	(Appointed on 9 March 2005)
Mr. Chow Yeung Tuen, Richard	(Resigned on 23 February 2005)
Mr. Lo Mun Lam, Raymond	(Resigned on 9 March 2005)
Mr. Ha Kee Choy, Eugene	(Resigned on 23 February 2005)

Independent non-executive Directors

Mr. Pang Chun Sing	(Appointed on 23 February 2005)
Mr. Chan Chun Wai	(Appointed on 22 March 2005)
Mr. Wong Miu Sung	(Appointed on 10 May 2005)
Mr. Ko Sai Kit, Larry	(Resigned on 22 March 2005)
Mr. Law Hung Wai, Sam	(Resigned on 23 February 2005)
Mr. Tsang Pak Chung, Eddy	(Appointed on 30 September 2004 and resigned on 10 May 2005)

In accordance with bye-law 99 of the Company's bye-laws ("Bye-Laws"), Mr. Gouw Kar Yiu, Carl will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

In accordance with Bye-Law 102(B), Loo Chung Keung, Steve, Chan Wai Ming, Tin Yuen Sin, Carol, Tung Tat Chiu, Michael, Pang Chun Sing, Wong Miu Sung and Chan Chun Wai will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

董事會報告書 (續)

董事 (續)

非執行董事

吳家耀先生 (於二零零五年三月九日調職)
吳珊寶女士 (於二零零五年三月九日調職)
佟達釗先生 (於二零零五年三月九日獲委任)
鄒揚敦先生 (於二零零五年二月二十三日辭任)
盧敏霖先生 (於二零零五年三月九日辭任)
夏其才先生 (於二零零五年二月二十三日辭任)

獨立非執行董事

彭振聲先生 (於二零零五年二月二十三日獲委任)
陳振威先生 (於二零零五年三月二十二日獲委任)
黃妙送先生 (於二零零五年五月十日獲委任)
高世杰先生 (於二零零五年三月二十二日辭任)
羅洪偉先生 (於二零零五年二月二十三日辭任)
曾百中先生 (於二零零四年九月三十日獲委任 及於二零零五年五月十日辭任)

根據本公司細則「細則」第99條，吳家耀先生將於應屆股東週年大會上輪值告退，惟合資格並願意膺選連任。

根據細則第102(B)條，盧重強先生、陳偉明先生、田琬善女士、佟達釗先生、彭振聲先生、黃妙送先生及陳振威先生將於應屆股東週年大會上告退，惟合資格並願意膺選連任。

DIRECTORS' REPORT (Continued)**DIRECTORS' BIOGRAPHIES****Executive Directors**

Mr. LOO Chung Keung, Steve

Aged 41, was appointed as an executive Director on 9 March 2005. Mr. Loo graduated from Carleton University in Canada with a bachelor degree of commerce in 1985 and a master degree of management studies in 1987. He is a certified general accountant of Canada. Mr. Loo has substantial business experience in investment, finance and media sectors in Hong Kong and the PRC.

Mr. Loo is currently a director of Sky Dragon Digital Television and Movies Limited, a wholly-owned subsidiary of M21 Technology Limited, whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is an independent non-executive director of China Conservational Power Holdings Limited and Yanion International Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange.

Mr. CHAN Wai Ming

Aged 45, was appointed as an executive Director on 9 March 2005. Mr. Chan has substantial exposure in the financial sector in Hong Kong. He was appointed as dealing directors in several local and international large-scale securities firms and the head of dealing of an asset management firm. Mr. Chan has rich experience in dealing of securities.

董事會報告書 (續)**董事資料簡介****執行董事**

盧重強先生

41歲，於二零零五年三月九日獲委任為執行董事。盧先生畢業於加拿大伽爾頓大學，先後於一九八五年取得商學士學位及於一九八七年取得管理碩士學位。他是一位加拿大註冊會計師。盧先生於香港及中國投資、金融及傳媒界擁有豐富的業務經驗。

盧先生現為天龍數碼影視有限公司之董事，該公司為股份於香港聯合交易所有限公司（「聯交所」）創業板上市之智庫科技有限公司之全資附屬公司。盧先生亦為中國環保電力控股有限公司及益安國際集團有限公司之獨立非執行董事，該兩間公司股份在聯交所主板上市。

陳偉明先生

45歲，於二零零五年三月九日獲委任為執行董事，陳先生曾獲委任為多家本地及國際大型證券行之交易董事及一家資產管理公司之交易主管。陳先生於證券交易有着豐富經驗。

DIRECTORS' REPORT (Continued)**DIRECTORS' BIOGRAPHIES** (Continued)**Executive Directors** (Continued)*SUN Yeung Yeung*

Aged 32, was appointed as an executive Director on 8 March 2004. He studied in the United Kingdom and Singapore. He is currently the General Manager in the Investment Team of CITIC International Assets Management Limited ("CITIC Assets") with focus on deal sourcing in both Mainland China and Hong Kong. Mr. Sun holds several directorships in a number of companies. He is a director of Beijing Kananten Investment Consulting Limited, which is a wholly owned subsidiary of CITIC Assets. He is also an independent non-executive director of China Best Group Holding Limited, the shares of which are listed on the Stock Exchange. Mr. Sun also serves as a director to Shenzhen Kaifa Magnetic Recording Co. Ltd., in which CITIC Assets has an equity interest. Prior to joining CITIC Assets, Mr. Sun was a manager in the Investment Banking Department of CITIC Capital Markets Holdings Limited and was responsible for exploring business opportunities and participating in transaction negotiations. Mr. Sun has obtained profound investment and financing experience in capital markets in the PRC and Hong Kong.

Ms. TIN Yuen Sin, Carol

Aged 39, was appointed as an executive Director on 13 April 2005. Ms. Tin has possessed over 10 years experience in Hong Kong-China trading business.

Non-executive Directors*Mr. GOUW Kar Yiu, Carl*

Aged 29, was re-designated as a non-executive Director on 9 March 2005. He was Vice-chairman and Managing Director of the company from 20 December 2002 to 9 September 2004 and Chairman and Chief Executive Officer from 10 September 2004 to 8 March 2005. Mr Gouw is also an executive director of Gouw Assets Group, a private investment group with interests in property development, retailing and private equity. Mr. Gouw holds a BSc Degree in Management Sciences from the London School of Economics and Political Science.

董事會報告書 (續)**董事履歷** (續)**執行董事** (續)*孫揚陽先生*

32歲，於二零零四年三月八日獲委任為執行董事，彼曾在英國及新加坡深造，現任中信國際資產管理有限公司（「中信國際資產」）投資部總經理職位，主要負責在中國大陸及香港之交易採購。孫先生在多家公司擔任董事職位。孫揚陽先生為中信國際資產之全資附屬公司北京嘉銀通投資顧問有限公司之董事，亦任聯交所上市公司國華集團控股有限公司之獨立非執行董事。孫先生亦任深圳市開發磁記錄有限公司（中信國際資產於其中擁有股本權益）之董事職位。加入中信國際資產前，孫先生為中信資本市場控股有限公司投資銀行部經理，負責拓展業務及交易洽談。孫先生在中國及香港資本市場投資及融資方面擁有豐富經驗。

田琬善女士

39歲，於二零零五年四月十三日獲委任為執行董事，擁有逾十年中港貿易業務經驗。

非執行董事*吳家耀先生*

29歲，於二零零五年三月九日調職為非執行董事，吳先生於二零零四年九月十日至二零零五年三月八日，為本公司主席兼行政總裁，並於二零零二年十二月二十日至二零零四年九月九日，為本公司副主席兼董事總經理。此外，吳先生同為協利集團執行董事，該私人投資企業，業務範圍涉及地產發展、零售及私人股本。吳先生持有 London School of Economics and Political Science 管理科學之理學士學位。

DIRECTORS' REPORT (Continued)**DIRECTORS' BIOGRAPHIES** (Continued)**Non-executive Directors** (Continued)

Ms. GOUW San Bo, Elizabeth

Aged 34, was re-designated as a non-executive Director on 9 March 2005. She was Executive Director from 20 December 2002 to 8 March 2005. Ms. Gouw is also an executive director of Gouw Assets Group, a private investment group with interests in property development, retailing and private equity. She was previously a fund manager with a UK-based investment management institution, as well as a research analyst for a major European brokerage firm. Ms. Gouw holds a Master's Degree in Accounting and Finance from the London School of Economics and Political Science.

Mr. TUNG Tat Chiu, Michael

Aged 43, was appointed as a non-executive Director on 9 March 2005. Mr. Tung holds a Bachelor of Arts degree in law and accounting from the University of Manchester. He is a practising solicitor in Hong Kong. He is an independent non-executive director of a company, whose shares are listed on the Main Board of the Stock Exchange and is also the company secretary of four other listed companies in Hong Kong.

Independent Non-executive Directors

Mr. PANG Chun Sing

Aged 59, was appointed as an independent non-executive Director on 23 February 2005. Mr. Pang is the founder of Chan, Lai & Pang & Co., an accounting firm in Hong Kong and subsequently became a consultant of Chan, Lai & Pang & Co. From 1997 to 2000, Mr. Pang was the chairman of GR Investment Holdings Ltd, the shares of which were listed on the Stock Exchange. From September 1998 to June 2000, Mr. Pang was also a director of Sinox Fund Management Limited, the investment manager of GR Investment Holdings Ltd., where he was mainly responsible for formulation of strategy, supervision of management, liaison with investors and corporate joint ventures in the PRC.

董事會報告書 (續)**董事履歷** (續)**非執行董事** (續)

吳珊寶女士

34歲，於二零零五年三月九日調職為非執行董事，吳女士於二零零二年十二月二十日至二零零五年三月八日，為本公司執行董事。此外，吳女士同為協利集團執行董事，該私人投資企業，業務範圍涉及地產發展、零售及私人股本。吳女士早前曾於一家英資投資管理機構擔任基金經理，以及在一家主要歐資經紀行擔任研究分析員。吳女士持有London School of Economics and Political Science會計及財務碩士學位。

佟達釗先生

43歲，於二零零五年三月九日獲委任為非執行董事，佟先生持有曼徹斯特大學文學士(法律及會計)學位。佟先生為香港執業律師。彼亦為一家公司之獨立非執行董事。該公司股份在聯交所主板上市。彼並且擔任香港另外四家上市公司之公司秘書。

獨立非執行董事

彭振聲先生

59歲，於二零零五年二月二十三日獲委任為獨立非執行董事，彭先生為香港一家會計師行Chan, Lai & Pang & Co.之創辦人，其後則轉任為Chan, Lai & Pang & Co.之顧問。由一九九七年至二零零零年，彭先生為金源創展有限公司(其股份於聯交所上市)之主席。自一九九八年九月至二零零零年六月，彭先生亦兼任利禾資金管理有限公司(為金源創展有限公司之投資經理)之董事。彭先生在該等公司主要負責策略制訂、管理監督、與投資者聯絡及於中國組成合資企業。

DIRECTORS' REPORT (Continued)**DIRECTORS' BIOGRAPHIES** (Continued)**Independent Non-executive Directors** (Continued)

Mr. CHAN Chun Wai

Aged 35, was appointed as an independent non-executive Director on 22 March, 2005. Mr. Chan graduated from University of Central Oklahoma with a bachelor degree in computer sciences and mathematics. He has over 15 years of experience in the field of information technology in Hong Kong and United States of America.

Mr. WONG Miu Sung

Aged 41, was appointed as an independent non-executive Director on 10 May, 2005. Mr. Wong received his Master degree from Virginia Commonwealth University in the United States in 1991. He is a senior professional in media and public relations industries both in the PRC and Hong Kong and is familiar with consumer markets and media research businesses of two places.

During 2003 to 2005, he was appointed as Deputy Directors in marketing and communication in one of the China's largest media research company, CSM Media Research. During 1997 to 2003, he also worked in "Hong Kong Economic Journal" and "Sing Pao Newspaper Company Limited" respectively as Financial Reporter, Head of Services Desk and Managing Editor, etc. Since the beginning of 90's, Mr. Wong was engaged in various Sino-Hong Kong trading activities including machinery and equipment, auto and parts, refined oils wholesales and retails and smart cards.

董事會報告書 (續)**董事履歷** (續)**獨立非執行董事** (續)

陳振威先生

35歲，於二零零五年三月二十二日獲委任為獨立非執行董事，陳先生畢業於University of Central Oklahoma，獲頒電腦科學及數學學士學位。彼在香港及美國之資訊科技界工作逾15年。

黃妙送先生

41歲，於二零零五年五月十日獲委任為獨立非執行董事。黃先生於一九九一年，獲美國Virginia Commonwealth University頒發碩士學位。彼在中國及香港之媒體及公共關係業內為資深專業人士，熟悉兩地之消費市場及媒體研究業務。

於二零零三年至二零零五年期間，彼獲中國最大媒體研究公司之一央視一索福瑞媒介研究委任為市場及公共傳播副總監。於一九九七年至二零零三年期間，彼亦曾分別任職於「信報財經新聞」及「成報報刊有限公司」，擔任財經記者、組長及主編等職位。自九十年代初期，黃先生從事多項中港貿易活動，包括機器及設備、汽車及零件、成品油批發及零售，以及智能咭。

DIRECTORS' REPORT (Continued)

董事會報告書 (續)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

董事及主要行政人員於股份、相關股份及債券之權益或淡倉

As at 31 March 2005, the interests and short positions of the Directors and chief executive of the Company or their associates in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules are as follows:

於二零零五年三月三十一日，本公司董事及主要行政人員或彼等之聯繫人士擁有並記錄在根據證券及期貨條例（「證券及期貨條例」）第352條須存置之登記冊內之本公司或任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券之權益及淡倉，或根據上市規則附錄十所載上市公司董事進行證券交易的標準守則須知會本公司及聯交所之權益及淡倉如下：

(a) Long positions in the shares and the underlying shares (in respect of equity derivatives) of the Company:

(a) 於本公司股份及有關股本衍生工具之相關股份之好倉如下：

Name of Director 董事姓名	Note 附註	Number of shares held 所持股份數目	% of issued share capital 佔已發行股本百分比	Number of underlying shares in respect of the options 購股權所涉相關股份數目
Chan Wai Ming 陳偉明	(1)	410,000,000	23.74%	Nil 無
Loo Chung Keung, Steve 盧重強	(1)	410,000,000	23.74%	Nil 無
Gouw Kar Yiu, Carl 吳家耀	(2,3,4)	103,027,919	5.97%	12,500,000
Gouw San Bo, Elizabeth 吳珊寶	(2,3,4)	103,027,919	5.97%	12,500,000

DIRECTORS' REPORT (Continued)**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**
(Continued)**(a) Long positions in the shares and the underlying shares (in respect of equity derivatives) of the Company:** (Continued)

Notes:

1. The shares are held by Star Metro Investments Limited ("Star Metro"), a company incorporated in the British Virgin Islands, which is owned as to 50% by Mr. Loo Chung Keung, Steve and as to 50% by Mr. Chan Wai Ming.
2. The shares are held by Power Assets Enterprises Limited ("Power Assets"), a company incorporated in the British Virgin Islands, which is wholly owned by the Gouw Family Trust, in which Mr. Gouw Hiap Kian is the founder of this discretionary trust.
3. The shares and the underlying shares (in respect of equity derivatives) are held by Power Assets which is wholly owned by the Gouw Family Trust, in which Mr. Gouw Kar Yiu, Carl and Ms. Gouw San Bo, Elizabeth are deemed to have interests.
4. The options were granted to Power Assets by a third party. Pursuant to the terms of the options, Power Assets has the right to take the underlying shares from the grantor. The options were exercisable at HK\$0.015 per share and was expired on 7 June 2005.

董事會報告書 (續)**董事及主要行政人員於股份、相關股份及債券之權益或淡倉** (續)**(a) 於本公司股份及有關股本衍生工具之相關股份之好倉如下：** (續)

附註：

1. 該等股份由Star Metro Investments Limited (「Star Metro」) (一家於英屬維爾京群島註冊成立之公司) 持有，Star Metro由盧重強先生擁有50%及陳偉明先生擁有50%權益。
2. 該等股份由Power Assets Enterprises Limited (「Power Assets」) (一家於英屬維爾京群島註冊成立之公司) 持有，而Power Assets由吳協建先生創辦之全權信託吳氏家族信託全資擁有。
3. 該等股份及有關股本衍生工具之相關股份由Power Assets持有，而Power Assets由吳家耀先生及吳珊寶女士被視為擁有權益之吳氏家族信託全資擁有。
4. Power Assets獲第三方授予該等購股權。根據購股權條款，Power Assets有權要求授予人交出相關股份。購股權可按每股0.015港元之價格行使，已於二零零五年六月七日期到。

DIRECTORS' REPORT *(Continued)***DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**
(Continued)

Save as disclosed above, as at 31 March 2005, none of the Directors or chief executives or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Other than the share option scheme adopted by the Company on 30 March 2004, at no time during the year ended 31 March 2005 has the Company or any of its subsidiaries, a party to any arrangements to enable the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting of the Company has entered into any service contract with the Company, which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

董事會報告書 *(續)***董事及主要行政人員於股份、相關股份及債券之權益或淡倉** *(續)*

除上述已披露者外，於二零零五年三月三十一日，本公司董事或主要行政人員或彼等各自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）之股份、相關股份或債券中擁有權益或淡倉。

除本公司於二零零四年三月三十日採納之購股權外，於截至二零零五年三月三十一日止年度內任何時間，本公司或其任何附屬公司概無參與任何安排，致使董事或彼等之配偶或其未滿十八歲之子女有權藉收購本公司或任何其他法團之股份或債券而獲利。

董事之服務合約

擬於本公司應屆股東週年大會上膺選連任之董事，概無與本公司訂立任何於一年內不可免付賠償（法定賠償除外）而由本公司終止之服務合約。

DIRECTORS' REPORT (Continued)

董事會報告書 (續)

**INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS
DISCLOSEABLE UNDER THE SFO**

**股東根據證券及期貨條例須予披露之權益及
淡倉**

As at 31 March 2005, so far as is known to the Directors, the following persons, other than the Director or Chief Executive of the Company, who had interests or short positions in the shares, underlying shares or debentures of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

於二零零五年三月三十一日，據董事所知及根據證券及期貨條例第336條須由本公司存置之登記冊所記錄，除本公司董事或主要行政人員外，以下人士擁有本公司股份、相關股份或債券之權益或淡倉：

(a) Long positions in the shares and the underlying shares (in respect of equity derivatives) of the Company:

(a) 於本公司股份及有關股本衍生工具之相關股份之好倉：

Name of shareholder 股東姓名／名稱	<i>Note</i> 附註	Number of shares held 所持股份數目	% of issued share capital 佔已發行股本百分比	Number of underlying shares in respect of the options 購股權所涉相關股份數目
Star Metro Investments Limited	(1)	410,000,000	23.74%	Nil 無
CITIC International Assets Management Limited				
中信國際資產管理有限公司	(2)	208,000,000	12.04%	Nil 無
Gouw Hiap Kian 吳協建	(3,4,5,6)	105,067,919	6.08%	12,500,000
Power Assets Enterprises Limited	(3,4,5,6)	103,027,919	5.97%	12,500,000

DIRECTORS' REPORT (Continued)**INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS
DISCLOSEABLE UNDER THE SFO** (Continued)**(a) Long positions in the shares and the underlying shares (in respect
of equity derivatives) of the Company:** (Continued)

Notes:

- The shares are held by Star Metro, a company incorporated in the British Virgin Islands, which is owned as to 50% by Mr. Loo Chung Keung, Steve and as to 50% by Mr. Chan Wai Ming. Mr. Loo Chung Keung, Steve and Mr. Chan Wai Ming are executive Directors.
- CITIC International Assets Management Limited is a wholly owned subsidiary of CITIC International Financial Holdings Limited which is in turn owned as to 53% by China International Trust and Investment Corporation.
- Power Assets is a company incorporated in the British Virgins Islands, which is wholly owned by the Gouw Family Trust, in which Mr. Gouw Kar Yiu, Carl and Ms. Gouw San Bo, Elizabeth are deemed to have interests. Mr. Gouw Kar Yiu, Carl and Ms. Gouw San Bo, Elizabeth are non-executive Directors.
- The shares and the underlying shares (in respect of equity derivatives) are held by Power Assets which is wholly owned by the Gouw Family Trust, in which Mr. Gouw Hiap Kian is the founder of this discretionary trust.
- The shares and the underlying shares (in respect of equity derivatives) are held by Power Assets which is wholly owned by the Gouw Family Trust, in which Mr. Gouw Kar Yiu, Carl and Ms. Gouw San Bo, Elizabeth are deemed to have interests.
- The options were granted to Power Assets. Pursuant to the terms of the options, Power Assets has the right to take the underlying shares from the grantor. The options are exercisable at HK\$0.015 per share and expired on 7 June 2005.

董事會報告書 (續)**股東根據證券及期貨條例須予披露之權益及
淡倉** (續)**(a) 於本公司股份及有關股本衍生工具之相關股
份之好倉：** (續)

附註：

- 該等股份由Star Metro (一家於英屬維爾京群島註冊成立之公司) 持有，Star Metro由盧重強先生擁有50%及陳偉明先生擁有50%。盧重強先生及陳偉明先生為執行董事。
- 中信國際資產管理有限公司為中信國際金融控股有限公司之全資附屬公司，而中國國際信托投資公司擁有中信國際金融控股有限公司之53%。
- Power Assets為於英屬維爾京群島註冊成立之公司，由吳家耀先生及吳珊寶女士被視為擁有權益之吳氏家族信託全資擁有。吳家耀先生及吳珊寶女士為非執行董事。
- 該等股份及有關股本衍生工具之相關股份由Power Assets持有，而Power Assets由吳協建先生創辦之全權信託吳氏家族信託全資擁有。
- 該等股份及有關股本衍生工具之相關股份由Power Assets持有，而Power Assets由吳家耀先生及吳珊寶女士被視為擁有權益之吳氏家族信託全資擁有。
- Power Assets獲授該等購股權。根據購股權條款，Power Assets有權要求授予以交出相關股份。購股權可按每股0.015港元之價格行使，已於二零零五年六月七日到期。

DIRECTORS' REPORT (Continued)**董事會報告書** (續)**INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS
DISCLOSEABLE UNDER THE SFO** (Continued)**股東根據證券及期貨條例須予披露之權益及
淡倉** (續)**(b) Short positions in the shares and the underlying shares (in respect
of equity derivatives) of the Company:****(b) 於本公司股份及有關股本衍生工具之相關股
份之淡倉：**

There were 125,000,000 share options granted by Power Assets which is wholly-owned by the Gouw Family Trust, in which Mr. Gouw Kar Yiu, Carl and Ms. Gouw San Bo, Elizabeth are deemed to have interests. Pursuant to the terms of the options, the grantees have the rights to require Power Assets to deliver the underlying shares. The share options have been expired on 30 September 2004.

125,000,000份購股權由Power Assets (由吳家耀先生及吳珊寶女士視為擁有權益之吳氏家族信託全資擁有) 授出。根據購股權之條款，承授人有權要求Power Assets交付相關股份，而該等購股權已於二零零四年九月三十日到期。

Save as disclosed above, as at 31 March 2005, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

除上述已披露者外，於二零零五年三月三十一日，就本公司所知，並無任何人士(本公司董事或主要行政人員除外)擁有根據本公司按證券及期貨條例第336條存置之登記冊所記錄之本公司股份、相關股份或債券之權益或淡倉。

DIRECTORS' REPORT (Continued)**SHARE OPTION SCHEME**

On 30 March 2004, a share option scheme (the "Scheme") was approved and adopted by the shareholders of the Company with the purpose to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group, which is effective for ten years until 29 March 2014.

Pursuant to the Scheme, the Board may at any time within ten years from the adoption date, offer any eligible participant (including any executive Director or any of its subsidiaries) options to subscribe for shares in the Company at a price not less than the highest of:

- (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for trades in one or more board lots of shares on the offer date;
- (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and
- (iii) the nominal value of the shares of the Company on the date of grant.

The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and not yet exercised under the Scheme and any other share option scheme of the Group shall not exceed 30% of the share capital of the Company in issue from time to time. The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue as at the date of approval of the Scheme. The maximum entitlement of each participant in any twelve month period under the Scheme shall not exceed 1% of the issued share capital of the Company for the time being.

董事會報告書 (續)**購股權計劃**

於二零零四年三月三十日，本公司股東批准採納一項購股權計劃（「該計劃」），使本集團可授予選定參與人購股權以獎勵及嘉許彼等為本集團作出貢獻。計劃於截至二零一四年三月二十九日止十年期間有效。

根據該計劃，董事會可於採納日期起十年內任何時間向任何合資格參與人（包括本公司或其任何附屬公司之任何執行董事）授出購股權，以按不少於下列最高者之價格認購本公司股份：

- (i) 本公司股份於購股權授出日期在聯交所每日報價表所報一手或多手股份之收市價；
- (ii) 本公司股份於緊接購股權授出日期前五個營業日在聯交所每日報價表所報之平均收市價；及
- (iii) 於購股權授出日期之本公司股份之面值。

因行使根據該計劃及本集團任何其他購股權計劃已授出但未行使之所有未行使購股權而可能配發及發行之最高股份數目，不得超過本公司不時已發行股本之30%。因行使根據該計劃及本集團任何其他購股權計劃將授出之所有購股權而可能配發及發行之股份總數合共不得超過批准該計劃當日已發行股份之10%。根據該計劃每位參與者於任何十二個月期間之最高獲授額不得超過當時本公司已發行股本之1%。

DIRECTORS' REPORT (Continued)**SHARE OPTION SCHEME** (Continued)

Each grant of options to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors. In addition, any grant of options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the shares issuable upon exercise of all options granted and to be granted to such person in the twelve month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares quoted on the Stock Exchange on the date of grant) in excess of HK\$5 million, such further grant of options shall be subject to approval by the shareholders in general meeting.

Options granted must be taken up within 21 days from the date of grant, upon payment of the consideration of HK\$1 per each grant of option. The exercise period of the options is determinable by the Directors, and shall expire not later than ten years from the date of grant. The Scheme does not specify the requirement as to minimum period for which an option must be held.

As at 31 March 2005, options carrying the rights to subscribe for up to a total of 250,180,000 shares had been granted under the Scheme since its adoption, which represents approximately 12.07% of the total issued share capital of the Company as at the date of this report. All these options were granted in accordance with the terms and restrictions of the Scheme. A breakdown of such grant is given below:

- (1) options carrying the rights to subscribe for a total of 12,000,000 shares were granted to a Director;
- (2) options carrying the right to subscribe for 41,200,000 shares were granted to the employees of the Group.
- (3) options carrying the right to subscribe for 196,980,000 shares were granted to advisers and consultants of the Group.

董事會報告書 (續)**購股權計劃** (續)

每次向本公司任何董事、主要行政人員或主要股東或彼等各自之任何聯繫人士授出購股權須經獨立非執行董事批准。此外，倘向主要股東或獨立非執行董事或彼等各自之任何聯繫人士授出任何購股權，將導致因行使該名人士於截至該等購股權授出日期(包括該日)止十二個月期間獲授或將獲授之所有購股權而須予發行之股份超過本公司已發行股份之0.1%，而總值(按購股權授出日期本公司股份在聯交所所報之收市價計算)超過5,000,000港元，則該進一步授出購股權行動須經股東在股東大會上批准後方可作實。

所授購股權須於授出日期起21日內接納，接納時須就授出之每份購股權支付代價1港元。購股權行使期由董事釐定，並將不會遲於授出日期起十年後屆滿。該計劃並無規定購股權所須持有之最短期限。

於二零零五年三月三十一日，自採納購股權計劃日期起根據該計劃已授出之購股權有權認購最多合共250,180,000股股份，約佔本報告日期本公司合共已發行股本12.07%。所有該等購股權乃根據該計劃之條款及限制授出。有關授出分析如下：

- (1) 向一名董事授出有權認購合共12,000,000股股份之購股權；
- (2) 向本集團僱員授出有權認購41,200,000股股份之購股權。
- (3) 向本集團顧問授出有權認購196,980,000股股份之購股權。

DIRECTORS' REPORT (Continued)**SHARE OPTION SCHEME** (Continued)

All the above grantees of the options fall within the category of eligible participants under the Scheme. The Directors confirm that the grant of options to the above grantees was in accordance with the rules of the Scheme and the relevant requirements of the Listing Rules. Save for the Directors, none of these grantees is a connected person of the Company.

As at 31 March 2005, (i) a total number of 193,560,000 shares had been issued pursuant to the exercise of options granted under the Scheme and (ii) options to subscribe for 11,600,000 shares had lapsed, (iii) no option to subscribe for shares has been cancelled and (iv) the total number of shares which may fall to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme is 45,020,000 shares.

Under the existing limit, the Company can further grant share options to subscribe for 172,717,700 shares, representing approximately 10% of the total issued share capital of the Company as at the date of this report.

The share options granted are not recognized in the accounts until they are exercised. The Directors consider that it is not appropriate to value the share options on the ground that certain crucial factors for such valuation are variables which cannot be reasonably determined at this stage. Any valuation of the share options based on the speculative assumptions in respect of such variables would not be meaningful and the results thereof may be misleading to the shareholders. Therefore, it is more appropriate to disclose only the exercise price and market price immediately before the date on which the options were granted. Details are set out in Note 30 to the financial statements.

董事會報告書 (續)**購股權計劃** (續)

根據該計劃，上述所有購股權承授人屬合資格參與者類別。董事確認，該等購股權乃根據該計劃規則及上市規則有關規定授予上述承授人。除董事外，該等承受人均非本公司之關連人士。

於二零零五年三月三十一日，(i)因根據該計劃授出之購股權獲行使而合共已發行193,560,000股股份及(ii)認購11,600,000股股份之購股權已失效，(iii)該等認購股份之購股權概無被註銷及(iv)因行使根據該計劃已授出但未行使之所有未行使購股權而可能須予發行之股份總數為45,020,000股股份。

根據現有限額，本公司可進一步授出可認購172,717,700股股份之購股權，約佔本報告日期本公司已發行股本總額10%。

已授出之購股權於其獲行使後始於賬目內確認。董事認為，不適宜對購股權進行估值，理由是該等估值之若干關鍵因素乃於此階段不能合理釐定之變數。任何以該等變數之揣測性假設為基礎之購股權估值可能不具意義，而有關結果可能會誤導股東。因此，僅披露緊接授出購股權日期前之行使價及市價更為恰當。詳情載於財務報表附註30。

DIRECTORS' REPORT (Continued)**WARRANTS**

Under the terms of the subscription agreement dated 10 July 2002 between the Company, Power Assets and Messrs. John Robert Lees, Desmond Chung Seng Chong and Kelvin Edward Flynn of Ferner Hodgson Limited acting jointly and severally as Receivers and Managers of the Company without personal liability, as part of the Restructuring Proposal, the Company issued the warrants in the aggregate amount of HK\$14,657,903.96 to Power Assets for a consideration of HK\$1. The warrants entitled the holder, on exercise of the subscription rights attaching to the warrants, to subscriber for 1,465,790,396 new shares at a subscription price of HK\$0.01 per new share (subject to adjustment). As the nominal value of shares of the Company has been adjusted to HK\$0.1 each by reason of every 10 shares of HK\$0.01 each be consolidated into 1 share of HK\$0.1 each with effect from 31 March 2004, pursuant to 3A(i) of the warrant certificate, the subscription price has also been adjusted to HK\$0.1 per share on the same day.

As at 31 March 2004, 142,200,000 shares of HK\$0.1 each were issued on exercise of the subscription rights attaching to the HK\$14,220,000 warrants during the year ended 31 March 2004. Upon exercise in full of the outstanding HK\$437,903.96 warrants on 24 May 2004, there was no outstanding warrants as at 31 March 2005.

CONVERTIBLE BONDS

Pursuant to the terms of the placing agreement entered into between the Company, Tanrich Securities Company Limited (the "Placing Agent"), Power Assets and Mr. Gouw Kar Yiu, Carl on 17 March 2004, the Placing Agent will place the convertible bonds of the Company to not less than six subscribers in an aggregate maximum principal amount of HK\$20,000,000 at an initial conversion price at HK\$0.018 per share (subject to adjustment). The bonds bear interest at 8% per annum payable quarterly in arrears and are guaranteed by Power Assets and Mr. Gouw Kar Yiu, Carl.

董事會報告書 (續)**認股權證**

根據本公司、Power Assets與Ferner Hodgson Limited之John Robert Lees先生、Desmond Chung Seng Chong及Kelvin Edward Flynn以毋須承擔個人法律責任之方式擔任本公司之共同及各別接管人兼管理人而於二零零二年七月十日訂立之認購協議之條款，作為部分重組建議，本公司以代價1港元向Power Assets發行總額達14,657,903.96港元之認股權證。認股權證之持有人有權藉行使認股權證所附認購權而按每股新股之認購價0.01港元（可予調整）認購1,465,790,396股新股。由於自二零零四年三月三十一日起每10股每股面值0.01港元之股份已合併為1股每股面值0.1港元之股份，故本公司股份之面值已調整為每股0.1港元。根據認股權證證書第3A(i)條，認購價亦已於同日調整為每股0.1港元。

於二零零四年三月三十一日，因於截至二零零四年三月三十一日止年度內行使14,220,000港元之認股權證所附認購權，乃發行142,200,000股每股面值0.1港元之股份。於二零零四年五月二十四日悉數行使尚未行使之437,903.96港元認股權證後，於二零零五年三月三十一日並無任何尚未行使之認股權證。

可換股債券

根據本公司、敦沛證券有限公司（「配售代理」）、Power Assets及吳家耀先生於二零零四年三月十七日訂立之配售協議條款，配售代理將按初步轉換價每股0.018港元（可予調整），向不少於六名認購人配授本金總額最高達20,000,000港元之本公司可換股債券。該等債券按年息8%計息並須於每季結束時付息，並由Power Assets及吳家耀先生擔保。

DIRECTORS' REPORT (Continued)**CONVERTIBLE BONDS** (Continued)

As the nominal value of shares of the Company has been adjusted to HK\$0.1 each by reason of every 10 shares of HK\$0.01 each be consolidated into 1 shares of HK\$0.1 each with effect from 31 March 2004, the initial conversion price has also been adjusted to HK\$0.18 per share on the same day. The subscribers have the option to convert the bonds into fully paid shares of HK\$0.1 each of the Company at a conversion price of HK\$0.18 per share in amounts of not less than HK\$100,000 on each conversion. The maturity date will be the first anniversary of the date of issue of the convertible bonds.

The convertible bonds are freely transferable from its date of issue to any party other than one which is connected with the Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them.

On 19 April 2004, amount of HK\$18 million convertible bonds had been placed to not less than six subscribers and the completion had taken place on 20 April 2004. The maturity date will be the first anniversary of the date of issue of the convertible bonds and 100,000,000 shares of HK\$0.1 each would be allotted and issued upon full conversion of the placed convertible bonds.

During the reporting period, 11,111,111 shares of HK\$0.1 each were issued on conversion of the subscription rights attaching to the HK\$2,000,000 convertible bonds. At the annual general meeting of the Company held on 23 August 2004, resolutions were passed to approve the capital reduction which reduced the nominal value of the shares in issue from HK\$0.1 each by canceling the issued shares capital to the extent of HK\$0.09 paid up on each of the issued shares. Therefore, the shares issued upon the conversion of convertible bonds became 11,111,111 of HK\$0.01 each.

As at 31 March 2005, there were outstanding HK\$16,000,000 convertible bonds. Upon conversion in full of the outstanding HK\$16,000,000 convertible bonds would result in the issue of an additional 88,888,889 ordinary shares of HK\$0.01 each by the Company. However, subsequent to the financial year end, all the convertible bonds were fully redeemed by the Company.

董事會報告書 (續)**可換股債券** (續)

由於自二零零四年三月三十一日起每10股每股面值0.01港元之股份已合併為1股每股面值0.1港元之股份，故本公司股份之面值已調整為每股0.1港元。因此，同日，初步認購價亦已調整為每股0.18港元。認購人可選擇按轉換價每股0.18港元將債券悉數轉換為本公司每股面值0.1港元之股份，每次轉換金額不少於100,000港元。到期日將為可換股債券發行日之首個週年日。

可換股債券自其發行日期起可自由轉讓予本公司或其任何附屬公司之董事、主要行政人員及主要股東或彼等之任何聯繫人士以外之任何人士。

於二零零四年四月十九日，18,000,000港元之可換股債券已配售予不少於六名認購者，而配售已於二零零四年四月二十日完成。可換股債券之到期日為發行日之首個週年日。倘悉數兌換獲配售之可換股債券，則可獲配發及發行100,000,000股每股面值0.1港元之股份。

報告期內，本公司因兌換2,000,000港元之可換股債券所附認購權而發行11,111,111股每股面值0.1港元之股份。本公司於二零零四年八月二十三日舉行之股東週年大會上通過決議案，批准削減股本，透過將每股已發行股本之已繳股款註銷0.09港元，減低發行股份之面值每股0.1港元。因此，本公司因兌換可換股債券而發行之股份改為11,111,111股每股面值0.01港元之股份。

於二零零五年三月三十一日，尚有16,000,000港元之可換股債券尚未行使。倘悉數兌換16,000,000港元之尚未行使可換股債券，則本公司須額外發行88,888,889股每股面值0.01港元之普通股股份。然而，於本財政年度結算日後，本公司已全面贖回所有可換股債券。

DIRECTORS' REPORT (Continued)**DIRECTORS' INTEREST IN CONTRACTS**

During the year, HK\$200,000 was paid to Great Champ Development Limited, a company in which Mr. Gouw Hiap Kian, a former Director, and Mr. Gouw Kar Yiu, Carl, Director of the Company, have beneficial interests, for sharing of operating expenses.

During the year, HK\$100,000 was paid to Goldig Properties Limited, a company in which Mr. Gouw Hiap Kian, a former Director, Mr. Gouw Kar Yiu, Carl and Ms. Gouw San Bo, Elizabeth, Directors of the Company, have beneficial interests, for provision of warehouse rental service.

During the year, HK\$166,000 was paid to Henkel Capital & Management Consulting Limited, a company in which Mr. Law Hung Wai, Sam, a former Director, has beneficial interest, for provision of consultancy and company secretarial services.

Save as disclosed, there were no contracts of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries a party, subsisting at the end of the year or at any time during the year, in which a director had, whether directly or indirectly, a material interest.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or the Group was entered into or existed during the year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and Chief Executive's Interests or Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the year was the Company, its holding company, subsidiaries or fellow subsidiaries was a party to any arrangement to enable the Directors or the chief executive of the Company or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

董事會報告書 (續)**董事於合約之權益**

年內，Great Champ Development Limited (一家由前任董事吳協建先生及本公司董事吳家耀先生擁有實益權益之公司) 就分擔營運開支獲支付200,000港元。

年內，Goldig Properties Limited (一家由前任董事吳協建先生、本公司董事吳家耀先生及吳珊寶女士擁有實益權益之公司) 就提供貨倉租賃服務獲支付100,000港元。

年內，Henkel Capital & Management Consulting Limited (一家由前董事羅洪偉先生擁有實益權益之公司) 就提供顧問及公司秘書服務獲支付166,000港元。

除上述已披露者外，於本年度結束時或本年度內任何時間，各董事並無在本公司、其控股公司、附屬公司或同系附屬公司訂立重大合約中，直接或間接擁有重大權益。

管理合約

年內概無訂立或存在任何合約涉及管理本公司或本集團之全部或任何重大部份業務。

董事購買股份或債券之權利

除上文「董事及主要行政人員於股份、相關股份或債券之權益或淡倉」一段披露者外，於年內，本公司、其控股公司、附屬公司或同系附屬公司概無訂立任何安排，致使本公司董事或主要行政人員或彼等之聯繫人士可以藉購入本公司或任何其他法人團體之股份或債券而獲益。

DIRECTORS' REPORT (Continued)

EMOLUMENTS OF DIRECTORS AND SENIOR EMPLOYEES

Details of Directors' emoluments and the highest paid employees are set out in Note 29 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2005, except that non-executive Directors (other than Mr. Tung Tat Chiu, Michael) are not appointed on specific terms. Non-executive and independent non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Board confirms that the Company has maintained during the year the amount of public float as required under the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

Following specific enquiry made with the Directors, the Company has confirmed that each of the Directors complied with the required standard set out in the Model Code regarding securities transactions.

董事會報告書 (續)

董事及高級僱員之報酬

董事及最高薪僱員報酬之詳情載於財務報表附註 29。

購買、出售或贖回本公司上市證券

本公司並無於年內贖回任何本公司證券。本公司或其任何附屬公司於年內概無購買或出售任何本公司證券。

公司管治

董事認為，本公司於截至二零零五年三月三十一日止年度一直遵守上市規則附錄十四所載之最佳應用守則，惟非執行董事(佟達釗先生除外)並無特定任期。非執行董事及獨立非執行董事須根據本公司之細則條文，於本公司股東週年大會上輪值退任及膺選連任。

充足公眾持股量

根據本公司可取閱之公開資料及據董事所知，董事會確認本公司於年內一直維持上市規則所規定之公眾持股量。

董事進行證券交易之標準守則

本公司已採納比上市規則附錄十所載《上市發行人董事進行證券交易的標準守則》(「標準守則」)所訂標準更高之證券交易守則。

經董事作出特別查詢後，本公司確認各董事已遵守標準守則所載有關證券交易之規定標準。

DIRECTORS' REPORT (Continued)**INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received written confirmation from all independent non-executive Directors in respect of their independence during the year and all independent non-executive Directors are still being considered to be independent.

AUDIT COMMITTEE

Written Terms of Reference of audit committee of the company (the "Audit Committee") have been adopted by the Board.

The audit committee presently comprises three independent non-executive Directors, namely, Mr. Pang Chun Sing, Mr. Chan Chun Wai and Mr. Wong Miu Sung. The Audit Committee has reviewed the announcement, accounting principles and practices adopted by the Group and discussed matters relating to the financial reporting and internal control and risk management of the Group including the review of the Group's audited financial statements for the year ended 31 March 2005. On the basis of the review, the Audit Committee is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

AUDITORS

In August 2002, Grant Thornton resigned and Moore Stephens were appointed as auditors of the Company.

During the year, Moore Stephens resigned as auditors of the Company and its subsidiaries on their own accord. CCIF CPA Limited Certified Public Accountants, were appointed as the Company's auditors to fill the causal vacancy.

CCIF CPA Limited will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board

Loo Chung Keung, Steve

Executive Director

Hong Kong, 18 July 2005

董事會報告書 (續)**獨立非執行董事之獨立性**

年內，本公司已自所有獨立非執行董事接獲有關彼等獨立性之確認書，而所有獨立非執行董事仍然被視為獨立。

審核委員會

董事會已採納本公司審核委員會（「審核委員會」）之職權範圍書。

本公司之審核委員會現時由三位獨立非執行董事組成，分別為彭振聲先生、陳振威先生及黃妙送先生。審核委員會已閱審本公佈及本集團採納之會計實務準則，並討論有關本集團之財務申報程序以及內部監控及風險管理之事宜（包括閱審本集團截至二零零五年三月三十一日止年度之經審核財務報表）。根據閱審結果，審核委員會認為該報表符合適用會計準則、上市規則及法例規定，並已作出足夠披露。

核數師

於二零零二年八月，均富會計師行辭任本公司核數師，而由馬施雲會計師事務所接任。

年內，馬施雲會計師事務所按其意願辭任本公司及其附屬公司核數師。註冊會計師陳葉馮會計師事務所有限公司獲委任為本公司核數師以填補空缺。

本公司核數師陳葉馮會計師事務所行將告退。應屆股東週年大會上將提呈續聘陳葉馮會計師事務所為本公司核數師之決議案。

承董事會命

執行董事

盧重強

香港，二零零五年七月十八日