

PROVISIONAL LIQUIDATORS' REPORT

The joint and several provisional liquidators of the Company ("Provisional Liquidators") present their report and the audited financial statements for the year ended 31 March 2003.

The Provisional Liquidators were appointed on 31 December 2001 and do not have the same detailed knowledge of the financial affairs of the Group as the directors of the Company would have particularly in relation to transactions entered into by the Group prior to their appointment. The Provisional Liquidators have made enquiries with the directors of the Company and reviewed the available books and records of the Group. The directors of the Company are responsible for the complete and accurate recording of the transactions entered into by the Group prior to the appointment of Provisional Liquidators.

The Provisional Liquidators are responsible for the accuracy and completeness of the contents of this report in relation to (i) affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of this report on the basis of the books and records made available to the Provisional Liquidators.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The activities of the Company's principal subsidiaries as at 31 March 2003 are set out in note 30 to the financial statements.

RESULTS

The results of the Group are set out in the consolidated income statement on page 18 of the annual report and in the accompanying notes to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2003, the aggregate turnover and purchases attributable to the five largest customers and suppliers of the Group were less than 30% of the total turnover and purchases of the Group, respectively.

BUSINESS REVIEW

The Group was originally engaged in cold storage warehousing, logistics management services, property holding and financial services. Following the appointment of the Provisional Liquidators on 31 December 2001, the Group's non-core business operations were discontinued and only the core businesses of cold storage warehousing and logistics management services have been maintained, albeit on a lesser scale than in previous years, as the Group is suffering from a lack of working capital. During the year ended 31 March 2002, the Group disposed of most of its properties including those properties previously used for the Group's cold storage operations in Hong Kong, and all investment properties (except for 24 townhouses located in Beijing, the PRC) in order to reduce the liabilities of the Group. All of the cold storage warehousing and logistics operations in Hong Kong were closed before the balance sheet date of 31 March 2002.

For the year ended 31 March 2003, the Group recorded a consolidated turnover of approximately HK\$16.9 million which was attributable to the cold storage warehousing and logistics management businesses.

PROVISIONAL LIQUIDATORS' REPORT

The net loss for the year was approximately HK\$47.7 million. The loss from operations was approximately HK\$4.9 million for the year, compared with approximately HK\$1,394.2 million in the year 2002.

SEGMENT INFORMATION

Details of the segment information are set out in note 14 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year are set out in note 15 to the financial statements.

PROPERTIES

Particulars of major properties of the Group as at 31 March 2003 are set out on pages 58 to 59 of the annual report.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2003 are set out in note 30 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 23 to the financial statements.

SHARE OPTIONS

Information on the Company's share option scheme and details of movements in this scheme during the year are set out in note 24 to the financial statements.

SUBSEQUENT EVENTS

Details of the Group's subsequent events are set out in note 32 to the financial statements.

CAPITALIZATION AND FINANCIAL POSITION

The Group's net liabilities approximated HK\$1,304 million as at 31 March 2003 (2002: HK\$1,252 million). Cash and bank balances and total bank and other borrowings approximated to HK\$8 million (2002: HK\$10 million) and HK\$516 million (2002: HK\$535 million), respectively, as at year end. The Group's borrowings from creditor banks were not repaid according to the schedules set by the creditor banks and, became due for immediate repayment. As a result, the entire amounts outstanding were reclassified as current liabilities.

Bank and other borrowings were predominately in Hong Kong dollars approximately 9% of these bank and other borrowing are in US and Australian dollars. As a result, foreign exchange risk is minimal. Bank and other borrowings were subject to floating interest rates. The Group did not use financial instruments for hedging purposes and did not have foreign currency net investments being hedged by currency borrowings and other hedging instruments.

PROVISIONAL LIQUIDATORS' REPORT

BORROWINGS

Bank and other borrowings repayable within one year or on demand are classified as current liabilities. Repayment analyses of bank and other borrowings as at 31 March 2003 are set out in note 22 to the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 57 of the annual report.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out on pages 21 to 22 to the financial statements.

SUSPENSION OF TRADING

Trading in the securities of the Company has been suspended since 2:30 p.m. on 28 December 2001 and will remain suspended until further notice. No transfer of shares would be effected and registered after 2:30 p.m. on 28 December 2001.

RESTRUCTURING OF THE GROUP

On 14 May 2003, the Provisional Liquidators, for and on behalf of the Company, entered into the Restructuring Agreement with Many Returns Limited ("MRL") in relation to the Restructuring Proposal, which involves, amongst other things, the capital restructuring, debt restructuring involving the schemes under section 86 of the Cayman Companies Law and section 166 of the Companies Ordinance ("Schemes"), the subscription of new shares and warrants by MRL, whitewash waiver, general mandate to issue new shares and repurchase shares. The Restructuring Agreement was amended by a supplemental agreement which was entered into by, amongst others, the Provisional Liquidators, the Company and MRL on 11 August 2003. On the same date, the Provisional Liquidators, the Company and MRL also entered into a subscription agreement in relation to the subscription of the new shares by MRL upon completion of the Restructuring Proposal ("Completion").

The Restructuring Proposal, if successfully implemented, will, amongst other things, result in:

- (a) a restructuring of the share capital of the Company whereby the par value of the issued shares will be reduced from HK\$0.05 to HK\$0.01 each through par reduction, share consolidation and share subdivision as contained in the capital restructuring;
- (b) all the creditors of the Company discharging and waiving their claims against the Company pursuant to the Schemes;
- (c) MRL holding a controlling interest in the issued share capital of the Company; and
- (d) the resumption of trading in the new shares of the Company upon Completion subject to sufficient public float being restored.

PROVISIONAL LIQUIDATORS' REPORT

PROSPECTS

Upon implementation and completion of the Restructuring Agreement, it is anticipated that the financial position of the Company will be improved as all liabilities of the Company will be compromised and discharged through the Schemes. The Group will also then have the necessary financial resources and working capital for on-going operations.

The Provisional Liquidators consider that the Restructuring Agreement can be completed in accordance with its terms.

PROVISIONAL LIQUIDATORS

Messrs Cosimo Borrelli and Fan Wai Kuen were appointed as Joint and Several Provisional Liquidators of the Company pursuant to an Order of the High Court of Hong Kong Special Administrative Region dated 31 December 2001.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Ms. Shirley Choi Siu Lui (*Chairman and Chief Executive Officer*)

Ms. Ou Yirong

Mr. Norman Choi Sung Fung

Non-executive Director:

Mr. Choi Sai Leung (*Honorary Chairman*) (declared bankrupt by the High Court of Hong Kong on 3 April 2002 and vacated on 3 April 2002)

Independent Non-executive Directors:

Ms. Judy Wong Tak Kwan (service contract expired on 31 March 2003)

Mr. Ronald Lau Kin Hon (service contract expired on 14 August 2002)

In accordance with Article 116 of the Company's New Articles of Association, the directors of the Company, including the executive and independent non-executive directors, are subject to retirement by rotation and re-election at the annual general meeting of the company.

The powers of the directors were suspended on the appointment of the Provisional Liquidators on 31 December 2001. It is the intention of the MRL that all existing directors will be removed from the Board and new directors will be appointed upon Completion.

Mr. Choi Sai Leung was made bankrupt on 3 April 2002. In accordance with Articles 106(a)(i) of the Company's New Articles of Association, Mr. Choi vacated his office as Honorary Chairman and Non-executive Director on this date.

None of the existing directors has a service contract with the Group which (excluding contracts expiring or determinable by the employer) is not terminable by the Group within one year without payment of compensation, (other than statutory compensation).

PROVISIONAL LIQUIDATORS' REPORT

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Ms. Shirley Choi Siu Lui (Chairman and Chief Executive Officer), aged 34, was appointed as a Director of the Company in February 1994 and as the Chairman and Chief Executive Officer of the Company in June 2000. She is presently also the Chairman and Chief Executive Officer of I-China Holdings Limited (Provisional Liquidators Appointed) ("I-China"). Ms. Choi received a Master Degree in Business Administration from Pepperdine University in the State of California, U.S.A. and Degrees in Business Administration (Finance) and Arts (Music) from University of San Diego. She has extensive experience in corporate development and supply chain management. Ms. Choi is the elder sister of Mr. Norman Choi Sung Fung, an Executive Director of the Company.

Ms. Ou Yirong, aged 60, joined the Group in 1995 as a Director of the China Division. She was appointed as an Executive Director of the Company in April 1998. She is presently also an Executive Director of I-China. Ms. Ou received a Master of Law Degree from The Columbia University, Law School, New York and is a Chinese Attorney at Law of China Lawyers Association. She has over thirty years' working experience with government authorities, companies and law firms worldwide including the People's Republic of China ("PRC"), U.S.A. and Hong Kong Special Administrative Region ("Hong Kong SAR").

Mr. Norman Choi Sung Fung, aged 31, was appointed as a Director of the Company in July 1999. He is currently also the Deputy Chairman and an Executive Director of I-China. Mr. Choi received a Degree in Business Administration from the University of San Diego, U.S.A. and has more than nine years' experience in securities investment, corporate development and internet business. Mr. Choi is the younger brother of Ms. Shirley Choi Siu Lui, the Chairman and Chief Executive Officer of the Company.

Non-executive Directors

Mr. Choi Sai Leung (Honorary Chairman), aged 62, was appointed as a Director of the Company in September 1989 and had acted as the Chairman of the Company until June 2000. Since June 2000, he has been appointed as Honorary Chairman and remains as a Non-executive Director of the Company. He is presently also the Honorary Chairman and a Non-executive Director of I-China, a substantial shareholder of the Company as of 31 March 2003 under section 336 of the SFO. Mr. Choi is the father of Ms. Shirley Choi Siu Lui, the Chairman and Chief Executive Officer of the Company and Mr. Norman Choi Sung Fung, an Executive Director of the Company.

Independent Non-executive Directors

Ms. Judy Wong Tak Kwan, aged 36, was appointed as a Director of the Company in August 1998, Ms. Wong is admitted as a solicitor of the High Court of the Hong Kong SAR. She has worked for eleven years in major firms and has extensive experience in providing legal advice on banking, finance and PRC projects.

Mr. Ronald Lau Kin Hon, aged 35, was appointed as a Director of the Company in August 2000. Mr. Lau is a practising solicitor and is currently a partner of a law firm.

DIRECTORS' INTEREST IN SECURITIES

Save as disclosed below and under the section headed "Share Option Scheme" below, to the best of the knowledge of the Provisional Liquidators having made all reasonable enquiries, as at 31 March 2003, none of the directors of the Company and their associates had any interest in the securities of the

PROVISIONAL LIQUIDATORS' REPORT

Company and its associated corporations, within the meaning of the Securities and Futures Ordinance ("SFO"), which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to section 341 of the SFO (including interests which they were deemed or taken to have under section 344 of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name	Type of interest	Number of shares held
Ms. Shirley Choi Siu Lui	Personal interests	500,000
Mr. Choi Sai Leung (<i>Note</i>)	Personal interests	9,000,000

DIRECTORS' INTERESTS IN I-CHINA

As at 31 March 2003, the interests of the directors of the Company and their associates in I-China, within in the meaning of SFO, which were required to be notified to the Company and Stock Exchange pursuant to section 341 of the SFO (including interest which they were deemed or taken to have under section 344 of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

(a) Shares in I-China

Name of Director	Type of interests	Number of shares held
Mr. Choi Sai Leung	Other interests	127,144,278 (<i>note</i>)

Note: This represents the deemed interest of Mr. Choi in 127,144,278 shares in I-China held by Norham as at 31 March 2003. Norham was the asset of a discretionary trust, the Celleroy Trust. Mr. Choi, being the sole shareholder and sole director of the trustee, Celleroy, was deemed to have an interest in these shares.

(b) Share Option in I-China

Name of Directors	<i>Notes</i>	Number of share options				At 31 March 2003
		At 1 April 2002	Granted during the year	Exercised during the year	Lapsed/ Cancelled during the year	
Shirley Choi Siu Lui	<i>1&2</i>	12,700,000	—	—	12,700,000	—
Norman Choi Sung Fung	<i>1&2</i>	2,000,000	—	—	2,000,000	—
Choi Sai Leung	<i>1&3</i>	12,700,000	—	—	12,700,000	—
Hui Kam Yip	<i>1&3</i>	12,700,000	—	—	12,700,000	—
Ou Yirong	<i>1&4</i>	5,600,000	—	—	5,600,000	—

PROVISIONAL LIQUIDATORS' REPORT

Notes:

1. The share options outstanding as at 1 April 2002 were granted on 22 November 1999 at HK\$1.00 paid by each grantee, which entitle the holders to subscribe for ordinary shares of I-China at an exercise price of HK\$0.23 per share and are exercisable from 23 May 2000 to 22 November 2004 in accordance with the following terms:
 - (i) up to a maximum of 50% of the share option granted shall be exercisable on or after 23 May 2000; and
 - (ii) the full amount of the share options granted shall be exercisable on or after 23 May 2001
2. These share options granted to Ms. Shirley Choi Siu Lui and Mr. Norman Choi Sung Fung were lapsed on 22 March 2003 pursuant to the option scheme.
3. Mr. Choi Sai Leung was declared bankrupt by the High Court of Hong Kong on 3 April 2002 as a result then the share options granted to him and Ms. Hui Kam Yip, the spouse of Mr. Choi Sai Leung, were cancelled on the same date pursuant to the option scheme.
4. These share options granted to Ms. Ou Yirong lapsed on 30 April 2002 pursuant to the terms of the option scheme.

No options were granted to or exercised by the Directors of the Company or their associates during the year.

Save as disclosed above, at no time during the year was the Company or any of the subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of I-China or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of eighteen had any right to subscribe for the securities of I-China, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

Since trading in the securities of the Company has been suspended since 2:20 p.m. on 28 December 2001, no transfer of shares have been effected and registered thereafter. To the best of the knowledge of the Provisional Liquidators, having made all reasonable enquiries, the following parties with interest representing 10% or more of the Company's issued share capital were recorded in the register of substantial shareholders maintained pursuant to Section 16(1) of the Securities (Disclosure of Interests) Ordinance as at 28 December 2001:

Name of shareholder	Notes	Number of shares of the Company held			Percentage of Issued share capital
		Direct interest	Deemed interest	Total interest	
I-China	1	—	426,191,518	426,191,518	27.54%
Seapower International (B.V.I.) Limited	1	—	426,191,518	426,191,518	27.54%
Seapower Consortium Company Limited	1	—	426,191,518	426,191,518	27.54%
Felcasa International Limited	2	53,000,000	373,191,518	426,191,518	27.54%
Fordit Limited	3	373,191,518	—	373,191,518	24.12%

Notes:

1. These represented the deemed interest in 426,191,518 shares in the Company held by Felcasa International Ltd and Fordit Ltd which are wholly-owned subsidiaries of these companies.

PROVISIONAL LIQUIDATORS' REPORT

2. This included the deemed interest in 373,191,518 shares in the Company held by Fordit Ltd which is a wholly-owned subsidiary of Felcasa International Ltd.
3. This included 159,315,000 shares in the Company held by Peregrine Brokerage Ltd (In Members' Voluntary Liquidation) as chargee.
4. According to the records available to the Provisional Liquidators, approximately 199,680,000 shares have been charged to Kingston Securities Limited, approximately 3,000,000 shares charged to KGI Finance Ltd, approximately 54,196,518 shares charged to KG Investments Holdings Ltd, and approximately 159,315,000 shares charged to Peregrine Brokerage Limited. (In Members' violating Liquidation)

In addition, as at 23 September 2003, the Company was notified by the following parties with interests representing 5% or more of the issued share capital of the Company pursuant to Section 336 of the SFO. Accordingly, the Provisional Liquidators of the Company are confirming information in respect of the shareholding of I-China in the Company.

Name of shareholder	Notes	Number of shares of the Company held			Percentage of Issued share capital
		Direct interest	Deemed interest	Total interest	
KGI Securities Co., Ltd	1	—	187,346,664	187,346,664	12.11%
Richpoint Company Ltd	1	—	187,346,664	187,346,664	12.11%
KG Investments Holdings Ltd	2&4	—	187,346,664	187,346,664	12.11%
KGI International Ltd	2	—	187,346,664	187,346,664	12.11%
KGI Finance Ltd	3	120,845,000	—	—	7.81%

Notes:

1. These represented the deemed interest in 187,346,664 shares in the Company through KGI Finance Ltd and Jubilant Dynasty Ltd. KGI Finance Ltd and Jubilant Dynasty Ltd are wholly owned by KG investments Holdings Ltd, which in turn is owned as to 79.20% by Richpoint Company Ltd, a wholly subsidiary of KGI Securities Co. Ltd..
2. These represented the deemed interest in 187,346,664 shares in the Company which are held by the wholly-owned subsidiaries of these companies, namely KGI Finance Ltd and Jubilant Dynasty Ltd.
3. This included 3,000,000 shares pledged by Felcasa International Limited.
4. According to the records available to the Provisional Liquidators, approximately 54,196,518 shares in the Company has been charged to KG Investments Holdings Ltd by Felcasa International Limited and Fordit Limited.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year. Trading in the shares of the Company has been suspended since 2:30 p.m. on 28 December 2001.

EMPLOYEES

The Group had approximately 30 employees in Hong Kong, PRC and Australia as at 31 March 2003. The Group ensures that pay scales of its employees are rewarded on a performance-related basis within the general framework of the Group's remuneration strategy.

PROVISIONAL LIQUIDATORS' REPORT

SHARE OPTION SCHEME

The Company operated a share option scheme ("Option Scheme") for the purpose of providing incentives and rewards to eligible employees who contribute to the success of the Group's operations. Eligible employees of the Option Scheme included employees of the Company or any of its subsidiaries (including Executive Directors and other officers of the Company or its subsidiaries) to subscribe for shares in the Company in accordance with the terms of the Option Scheme. The Option Scheme became effective on 30 September 1999 and, unless otherwise cancelled or amended, was to remain in force for 5 years from that date. The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee.

Due to the financial difficulties of the Group, all the employment contracts of the staff and consultant were terminated before the year ended and, as at 31 March 2003, the outstanding options previously granted to the staff were not exercised and thus lapsed in accordance with the terms of the Option Scheme. The maximum number of shares in respect of which options may be granted under the Option Scheme shall not exceed 10% of the issued share capital of the Company from time to time. The maximum number of shares of the Company in respect of which the share options may be granted under the Option Scheme to an eligible employee (together with any shares of the Company issued in respect of the share options which have been exercised by that eligible employee and any shares of the Company which would be issued upon exercise of the outstanding share options granted to that eligible employee) from time to time will not exceed 25 per cent. of the aggregate number of shares of the Company for the time being issued and issuable under the Option Scheme.

The exercise price of the options shall be determined by the Directors of the Company, being not less than 80% of the average closing prices of the shares in the Company for the five trading days immediately preceding the date of offer of the option, or the nominal value of the shares, whichever is higher.

Subsequent to the recently amended chapter 17 of the Listing Rules with effect from 1 September 2001, no further share options were granted under the Option Scheme to any eligible employees of the Company or any of its subsidiaries (including Executive Directors and other officers of the Company or its subsidiaries) to subscribe for shares in the Company in accordance with the terms of the Option Scheme.

Details of share options which have lapsed under the Option Scheme during the year are as follows:

Name of directors	Notes	Number of share options				At 31 March 2003
		At 1 April 2002	Granted during the year	Exercised during the year	Lapsed/ Cancelled during the year	
Shirley Choi Siu Lui	1 & 2	38,584,795	—	—	38,584,795	—
Norman Choi Sung Fung	1 & 2	10,784,435	—	—	10,784,435	—
Choi Sai Leung	1 & 3	38,584,795	—	—	38,584,795	—
Hui Kam Yip	1 & 3	38,584,795	—	—	38,584,795	—
Ou Yirong	1 & 4	11,981,846	—	—	11,981,846	—
Dennis Hon King Sang (former director)	1 & 5	1,197,411	—	—	1,197,411	—
Continuous Contract Employees	1 & 8	8,740,788	—	—	8,740,788	—
	6 & 8	630,000	—	—	630,000	—
Others	7 & 8	200,000	—	—	200,000	—
Total		149,288,865	—	—	149,288,865	—

PROVISIONAL LIQUIDATORS' REPORT

Notes:

1. The share options outstanding as at 1 April 2002 were granted on 22 November 1999 at HK\$1.00 paid by each grantee, which entitle the holders to subscribe for ordinary shares of the Company at an exercise price of HK\$0.125 per share and are exercisable from 23 May 2000 to 22 November 2004 in accordance with the following terms:
 - (i) up to a maximum of 50% of the share option granted shall be exercisable on or after 23 May 2000; and
 - (ii) the full amount of the share options granted shall be exercisable on or after 23 May 2001
2. These share options granted to Ms. Shirley Choi Siu Lui and Mr. Norman Choi Sung Fung lapsed on 9 April 2002 pursuant to the Option Scheme.
3. Mr. Choi Sai Leung was declared bankrupt by the High Court of Hong Kong on 3 April 2003 and these share options granted to him and Ms. Hui Kam Yip, the spouse of Mr. Choi Sai Leung, was cancelled on the same date, pursuant to the Option Scheme.
4. These share options lapsed on 30 April 2002 pursuant to the Option Scheme.
5. These share options lapsed on 1 May 2002 pursuant to the terms of the Option Scheme.
6. The share options outstanding as at 1 April 2002 were granted on 19 October 2000 at HK\$1.00 paid by each grantee, which entitle the holders to subscriber for ordinary shares of the Company at an exercise price of HK\$0.125 per share and are exercisable from 1 May 2001 to 18 October 2005.
7. The share option outstanding as at 1 April 2002 were granted on 5 August 2000 at HK\$1.00 paid by the grantee, which entitles the holder to subscriber for ordinary shares of the Company at an exercise price of HK\$0.223 and are exercisable from 24 February 2001 to 31 July 2005 in accordance with the following terms:
 - (i) up to a maximum of 50% of the share option granted shall be exercisable on or after 24 February 2001; and
 - (ii) the full amount of the share options granted shall be exercisable on or after 24 February 2002
8. Due to the financial difficulties of the Group, all the employment contracts of the staff and consultant were terminated before the year ended and, as at 31 March 2003, the outstanding options previously granted to the staff were not exercised and thus lapsed in accordance with the terms of the Option Scheme.

Save as disclosed above, at no time during the year was the Company or any of its Associated Corporations is a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the Directors, chief executive or their spouses or children under the age of eighteen had any right to subscribe for the securities of the Company or any of its Associated Corporations, or had exercised any such right during the year.

CONNECTED TRANSACTIONS

The related party transactions disclosed in note 29(a) to (b) to the financial statements constitute connected transactions of the Company and have been disclosed pursuant to the Listing Rules.

PROVISIONAL LIQUIDATORS' REPORT

MANAGEMENT CONTRACT

Pursuant to a management agreement ("Agreement") dated 1 January 1995, the Company appointed a wholly-owned subsidiary of I-China, a substantial shareholders of the Company, to provide administrative and other related services to the Group with effect from 1 January 1995. The Agreement is terminable by either party by giving one month's written notice. No management fee was payable during the year ended 31 March 2003.

DIRECTORS INTERESTS IN CONTRACTS OF SIGNIFICANCE

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, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

RETIREMENT BENEFIT SCHEME

Information on the Group's retirement benefit scheme and MPF Scheme are set out in notes 6 and 25 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's New Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

In the opinion of Provisional Liquidators, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules throughout the year, except that (1) no Audit Committee meeting has been held as the employment contracts of two Independent directors have been expired on 14 August 2002 and 31 March 2003, respectively, and no new Independent directors were appointed during the year, and (2) no full board meeting has been held since the date of the appointment of Provisional Liquidators, as the authority of all executive directors and non-executive director were suspended.

AUDITORS

The auditors of the Company for the financial year ended 31 March 2001 were Deloitte Touche Tohmatsu.

Charles Chan Ip, & Fung CPA Limited were appointed as auditors of the Group in 2003 in place of Deloitte Touche Tohmatsu who have been removed.

For and on behalf of
Seapower Resources International Limited
(Provisional Liquidators Appointed)
Cosimo Borrelli
Fan Wai Kuen
Joint & Several Provisional Liquidators
without personal liability