

The Board of Directors (the "Board") present their annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March 2004.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at a special general meeting held on 29th March 2004, the name of the Company was changed from "IMI Global Holdings Limited" to "Imagi International Holdings Limited" which took effect from 30th March 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries and associate are set out in notes 35 and 17 to the financial statements respectively.

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 24 of the annual report.

The Board does not recommend the payment of a final dividend for the year ended 31st March 2004.

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 72.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

BORROWINGS

Details of borrowings of the Group are set out in notes 21 and 22 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 24 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

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

Executive directors:

Mr. Kao Cheung Chong, Michael	<i>(Chairman)</i>	
Mr. Kao Wai Ho, Francis	<i>(Deputy Chairman)</i>	
Mr. Zhang Liping	<i>(Chief Executive Officer)</i>	(appointed on 6th February 2004)
Mr. Lam Pak Kin, Philip		

Non-executive directors:

Mr. Ng See Yuen		(appointed on 20th April 2004)
Mr. Zhuo Fu Min		(resigned on 8th April 2004)

Independent non-executive directors:

Mr. Alexander Reid Hamilton		
Mr. Randy Harris		(appointed on 20th April 2004)
Mr. Oh Kok Chi		

In accordance with Article 87 of the Company's Bye-laws, Mr. Oh Kok Chi shall retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

In accordance with Article 86(2) of the Company's Bye-laws, Mr. Zhang Liping, Mr. Ng See Yuen and Mr. Randy Harris, who were appointed as directors by the Board of directors during the year and up to the date of this report, will hold office until the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office for each non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' SERVICE CONTRACTS

Some of the executive directors of the Company have entered into a service contract with the Company for an initial term of three years commencing 1st February 1997 and his/her appointment shall continue thereafter, subject to termination by either party giving at least six months' prior notice to the other party.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SECURITIES

At 31st March 2004, the interests of the directors and chief executives and their associates in the securities of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Future Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position
(A) Interests in the Company's securities

Name of directors	Number of shares held				Percentage of issued share capital
	Personal interest	Corporate interest	Other interest	Total interest	
Mr. Kao Cheung Chong, Michael	3,038,000	1,249,736 <i>(note (i))</i>	79,014,199 <i>(note (ii))</i>	83,301,935	60.42%
Mr. Kao Wai Ho, Francis	129,600	820,000 <i>(note (iii))</i>	79,014,199 <i>(note (ii))</i>	79,963,799	58.00%
Mr. Lam Pak Kin, Philip	271,200	-	-	271,200	0.20%

Notes:

- (i) These shares are held by Kessuda Consultants Limited whose entire issued share capital is beneficially owned by Mr. Kao Cheung Chong, Michael.
- (ii) 1,626,398 shares of the Company are beneficially owned by Happy Nation Limited, whose entire issued share capital is beneficially owned by China Link Holding Limited, whose entire issued share capital is in turn beneficially owned by HSBC International Trustee Limited, acting as trustee for The Cheerco Trust, of which Mr. Kao Cheung Chong, Michael and his family members, including Mr. Kao Wai Ho, Francis, are discretionary objects. The remaining 77,387,801 shares are beneficially owned by Sunni International Limited, 54.67% of whose issued share capital is beneficially owned by Happy Nation Limited.
- (iii) These shares are held by Asia Pacific Glory Limited whose entire issued share capital is beneficially owned by Mr. Kao Wai Ho, Francis.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SECURITIES *(Continued)*

 Long position *(Continued)*

 (B) *Interests in associated corporations*

Name of directors	Name of associated corporations	Class of shares	Number of shares (personal interest)	Percentage of issue share capital
Mr. Kao Cheung Chong, Michael	Boto International Holdings Limited	Ordinary shares of US\$1 each	7,705	6.93%
	Sunni International Limited	Ordinary shares of US\$1 each	5,637	54.67%
Mr. Lam Pak Kin, Philip	Boto International Holdings Limited	Ordinary shares of US\$1 each	1,053	0.95%
	Sunni International Limited	Ordinary shares of US\$1 each	310	3.00%

Other than as disclosed above and the interests in certain non-voting 5% deferred shares in subsidiaries of the Company referred to in note 35 to the financial statements, none of the directors or chief executives, or their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SFO at 31st March 2004.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Particulars of the Company's share option scheme are set out in note 26 to the financial statements.

The fair value of the options granted in the current year measured as at the date of grant on 13th August 2003 was HK\$0.66 per option for the options granted with exercisable period of 3 years. The following significant assumptions were used to derive the fair value, using the Black-Scholes option pricing model:

1. an expected volatility of 44.1%;
2. the estimated expected lives of the options granted during the year are 3 years;
3. an annual risk free interest rate of 1.68%; and
4. a dividend yield of 0%.

For the purpose of the calculation of fair value, no adjustment has been made in respect of options expected to be forfeited due to the lack of sufficient historical data.

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimated, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

No charge is recognised in the consolidated income statement in respect of the value of options granted during the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES *(Continued)*

Other than as disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS

During the year ended 31st March 2004, the Group had made the following transactions with the relevant connected parties:

Name of connected parties	Notes	Nature of transactions	HK\$'000
Boko Glass Art Company Limited	(1)	Rental expenses paid by the Group	960
Kayin Insurance Consultants Company	(2)	Gross insurance premium paid by the Group	<u>313</u>

Notes:

- (1) Mr. Kao Cheung Chong, Michael has an indirect beneficial interest in Boko Glass Art Company Limited.
- (2) Mr. Lam Pak Kin, Philip and his wife have direct and indirect beneficial interests respectively in Kayin Insurance Consultants Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 33 to the financial statements, there were no contracts of significance to which the Company, its holding 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 end of the year 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 relevant interests and long positions in the issued share capital of the Company.

SUBSTANTIAL SHAREHOLDERS *(Continued)*

Name of shareholder	Capacity shares	Number of ordinary shares of HK\$0.50 each issued/issuable	Percentage of the issued share capital of the Company	Notes
HSBC International Trustee Limited	Trustee for certain discretionary trusts	93,500,662	67.82%	(1)
China Link Holding Limited	Interest of a controlled corporation	79,014,199	57.31%	(2)
Happy Nation Limited	Interest of a controlled corporation	79,014,199	57.31%	(2)
Sunni International Limited	Interest of a controlled corporation	77,387,801	56.13%	(2)
CITIC Pacific Limited ("CITIC")	Interest of a controlled corporation	27,751,032	20.13%	(3)
Golden Gateway Enterprises Inc ("Golden")	Interest of a controlled corporation	27,751,032	20.13%	(3)
Forever Glory Holdings Limited ("Forever")	Interest of a controlled corporation	27,751,032	20.13%	(3)
CITIC Capital Markets Holdings Limited ("CITIC CMH")	Interest of a controlled corporation	27,751,032	20.13%	(3)
CITIC Capital Markets Limited ("CITIC CM")	Beneficial owner	27,751,032	20.13%	(3)

Notes:

- (1) Other than the indirect interest in the Company held through China Link Holding Limited, 14,486,463 shares are beneficially owned by HSBC International Trustee Limited (acting as trustee for certain discretionary trusts).
- (2) Details of these beneficial interest are set out in note (ii) in subsection (A) of the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SECURITIES" on page 18.
- (3) The long position in 27,751,032 shares solely resulted from the underwriting obligation of CITIC CM pursuant to the Underwriting Agreement dated 1st March 2004. Under the SFO, CITIC CMH was deemed to be interested in these 27,751,032 shares. Such shares have not yet been issued as at 31st March 2004.

Each of CITIC, Golden, Forever and CITIC CMH was deemed to be interested in the same parcel of shares in which CITIC CM was interested, since CITIC owned the entire issued shares of Golden; Golden owned the entire issued shares of Forever; Forever owned 50% issued shares of CITIC CMH; and CITIC CMH owned the entire issued shares of CITIC CM.

SUBSTANTIAL SHAREHOLDERS *(Continued)*

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

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March 2004 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

POST BALANCE SHEET EVENT

Details of a significant post balance sheet event are set out in note 34 to the financial statements.

AUDITORS

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

On behalf of the Board

Kao Wai Ho, Francis
Deputy Chairman

Hong Kong, 29th June 2004