

REPORT OF THE DIRECTORS



The directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2004.

CHANGE OF NAME

The Company announced that resolution for changing the name of the Company from "Jade Dynasty Food Culture Group Limited" to "Jade Dynasty Group Limited" will be proposed at the coming annual general meeting.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries were principally engaged in the operation of restaurants and publication of comics books in Hong Kong.

All of the activities of the Group are based in Hong Kong and all of the Group's turnover and operating profit are derived from Hong Kong.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2004, the percentage of turnover attributable to the Group's five largest customers was less than 30%. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 52% of the Group's total purchases of which the largest supplier accounted for approximately 20%.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2004 are set out in the consolidated income statement on page 16.

The directors do not recommend the payment of a dividend and propose that the profit for the year be retained.

SHARE CAPITAL

On 24 October 2003, the Company entered into a subscription agreement with an independent investor, Mr. Kei Kin Hung for subscription of 61,500,000 new shares of HK\$0.002 each in the Company at a price of HK\$0.31 per share. The new shares rank pari passu with the existing shares in all respects. The subscription was completed on 6 November 2003. The proceeds were used by the Group for its general working capital.



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SHARE CAPITAL (CONTINUED)

On 15 January 2004, 139,540,866 new shares of HK\$0.002 each were issued by way of a rights issue on the basis of one rights share for every three existing shares then held at an issue price of HK\$0.33 per share ("Rights Issue") and 1,500,000 new shares of HK\$0.002 each at an issue price of HK\$0.33 per share were issued in settlement of the advisory fee payable to Oriental Patron Asia Limited in consideration of its service as one of the joint financial advisors to the Company in connection with the Rights Issue. The net proceeds of the Rights Issue of approximately HK\$45,000,000 were used by the Group for its general working capital, repayment of liabilities and financing future investment opportunities in suitable business ventures.

Details of movements during the year in the share capital of the Company are set out in note 26 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 48.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired furniture, fixtures and equipment at a cost of approximately HK\$16 million.

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

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:

Dr. Chan Kong Sang, Jackie (*Chairman*)
Mr. Chan Chee Kheong (*Deputy Chairman*)
Mr. Tong Kai Lap (*Deputy Chairman*)
Mr. Wong Chun Keung
Mr. Wan Siu Lun
Mr. Ko Chi Keung
Mr. So Che Hung, Solon
Mr. Cheung Ting Kau, Vincent

Independent non-executive directors:

Mr. Ho Yiu Ming
Mr. Kwong Chi Keung

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DIRECTORS AND SERVICE CONTRACTS (CONTINUED)

In accordance with bye-law 87 of the Company's Bye-laws, one third of the directors will retire at the forthcoming annual general meeting and are eligible for re-election.

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

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

The Company has received the written confirmation from both independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmation, considers that Messrs. Ho Yiu Ming and Kwong Chi Keung are independent.

SHARE OPTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to an ordinary resolution passed at a special general meeting of the Company held on 7 October 2002. Particulars of the Scheme are set out in note 34 to the financial statements.

The following table discloses movements in the Company's share options held by its directors during the year:

Name of director	Date of grant	Exercisable period	Exercise price (Note) HK\$	Outstanding at 1 April 2003 and 31 March 2004 (Note)
Mr. Tong Kai Lap	27 March 2003	28 March 2003 to 27 March 2006	0.267	2,666,666
Mr. Wong Chun Keung	27 March 2003	28 March 2003 to 27 March 2006	0.267	2,666,666
Mr. Wan Siu Lun	27 March 2003	28 March 2003 to 27 March 2006	0.267	2,666,666
Mr. Ko Chi Keung	27 March 2003	28 March 2003 to 27 March 2006	0.267	1,600,000
				<hr/> 9,599,998 <hr/>

Note: The exercise price and number of outstanding share options have been adjusted for the Rights Issue on 15 January 2004.



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DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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.

DIRECTORS' INTERESTS IN SHARES

At 31 March 2004, the interests of the directors and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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 for Securities Transactions by Directors of Listed Companies, were as follows:

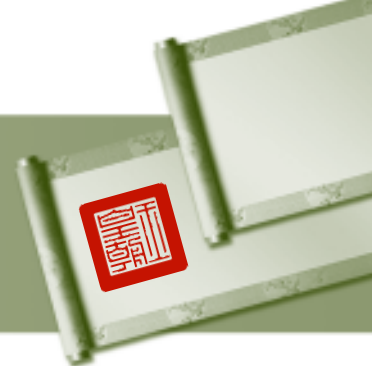
Name of director	Capacity	Number of shares	Percentage of the issued share capital of the Company	Notes
Dr. Chan Kong Sang, Jackie ("Dr. Jackie Chan") – shares of the Company	Held by trust	36,599,333	6.54%	(1)
Mr. Cheung Ting Kau, Vincent ("Mr. Vincent Cheung") – shares of the Company	Held by trust	3,833,333	0.68%	(2)
Mr. Tong Kai Lap ("Mr. Tong") – shares of an associated corporation	Beneficial owner	5	N/A	(3)

Notes:

- (1) The shares are beneficially owned by Pariain Enterprises Corp., a company controlled by the discretionary trust of Dr. Jackie Chan.
- (2) The shares are beneficially owned by Giant Profit Investments Inc., a company controlled by the discretionary trust of Mr. Vincent Cheung.
- (3) Mr. Tong is the registered shareholder of 5 shares of, which represent 5% interest in, Super Empire Investments Limited ("Super Empire"), the substantial shareholder and an associated corporation of the Company.

Other than as disclosed above, none of the directors nor their respective associates had any interests in any shares of the Company or any of its associated corporations as at 31 March 2004.

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SUBSTANTIAL SHAREHOLDERS

As at 31 March 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of the relevant interests in the issued capital of the Company:

Name of substantial shareholder	Capacity	Number of shares	Percentage of the issued share capital of the Company
Super Empire	Beneficial owner	330,935,100	59.13%
Mr. Wong Chun Loong ("Mr. Wong") (Note 1)	Held by controlled corporation	330,935,100	59.13%
Kingston Finance Limited ("KFL") (Note 2)	Security interest	330,935,100	59.13%
Ms. Ma Siu Fong ("Ms. Ma") (Note 3)	Held by controlled corporation	330,935,100	59.13%
Mrs. Chu Yuet Wah ("Mrs. Chu") (Note 3)	Held by controlled corporation	330,935,100	59.13%
Mr. Kei Kin Hung	Beneficial owner	55,500,000	9.92%

Notes:

- (1) Super Empire is a company controlled by Mr. Wong. Accordingly, Mr. Wong is deemed to be interested in the 330,935,100 shares held by Super Empire.
- (2) Super Empire has pledged to KFL the 330,935,100 shares which it owns in the Company. Such shares are pledged to KFL for the purpose of securing credit facilities granted to Super Empire. Accordingly, KFL has a security interest in these shares.
- (3) KFL is a company controlled by Ms. Ma and Mrs. Chu. Accordingly, Ms. Ma and Mrs. Chu are deemed to be interested in the 330,935,100 shares pledged by Super Empire to KFL.

Other than as disclosed above, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no persons as having a notifiable interest or short positions in the issued capital of the Company as at 31 March 2004.



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ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in the section headed "Share Options" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

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

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.

CODE OF BEST PRACTICE

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

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 36 to the financial statements.

AUDITORS

A resolution will be submitted at 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

Ko Chi Keung

Director

Hong Kong, 10 July 2004