

REPORT OF THE DIRECTORS

董事會報告

The board of directors (the "Board") are pleased to present their report and the audited financial statements of Kenfair International (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 16 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2004 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 43 to 80.

An interim dividend of HK9 cents (2003: HK9 cents) per ordinary share was paid on 9 January 2004. The directors recommend the payment of a final dividend of HK8 cents (2003: HK8 cents) per ordinary share in respect of the year, to shareholders on the register of members on 28 August 2004. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the "Capital and Reserves" section of the balance sheets.

CHARITABLE DONATIONS

Donations to a charitable organisation by the Group during the year amounted to HK\$50,000 (2003: HK\$Nil).

USE OF PROCEEDS FROM ISSUE OF THE COMPANY'S SHARES AND WARRANTS

The proceeds from the issue of 6,000,000 ordinary shares of the Company at HK\$1.20 per share (the "Subscription Shares") on 1 August 2003, after deduction of related issuance expenses, amounted to approximately HK\$6,600,000, was applied as general working capital during the year ended 31 March 2004 in accordance with the proposed application as set out in the Company's announcement dated 16 July 2003.

The proceeds from the issue of 43,160,000 units of warrants of the Company (the "Warrants") on 2 December 2003, after deduction of related issuance expenses, amounted to approximately HK\$23,000,000, of which approximately HK\$6,000,000 was applied during the year ended 31 March 2004 in accordance with the proposed applications as set out in the Company's circular dated 7 November 2003 (the "Circular"), as follows:

- approximately HK\$3,000,000 for exploring and developing new trade shows in Asian countries (such as organising shows with new themes or setting up new shows) including but not limited to the People's Republic of China (the "PRC"), Hong Kong and Thailand which have not been tapped by the Group;
- approximately HK\$2,000,000 for expanding the size of the established trade shows (such as differentiation of existing shows or extending the show periods); and

董事會(「董事會」)欣然呈列彼等之報告及建發國際(控股)有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零四年三月三十一日止年度之經審核財務報表。

主要業務

本公司之主要業務為投資控股。本公司附屬公司之主要業務詳情載於財務報表附註16。年內，本集團之主要業務性質概無重大變動。

業績及股息

本集團截至二零零四年三月三十一日止年度之溢利及本公司與本集團於該日之業務狀況載於第43至第80頁之財務報表內。

本公司已於二零零四年一月九日派付中期股息每股普通股9港仙(二零零三年:9港仙)。董事會建議向於二零零四年八月二十八日名列股東登記冊之股東派付本年度末期股息每股普通股8港仙(二零零三年:8港仙)。此項建議已收錄在財務報表之資產負債表其中「股本及儲備」項下，列作保留溢利之分配。

慈善捐款

年內，本集團給予一間慈善機構之捐款為50,000港元(二零零三年:無)。

發行本公司之股份及認股權證所得款項之用途

本公司在二零零三年八月一日以每股1.20港元之價格發行6,000,000股本公司普通股股份(「認購股份」)，就此所得之款項在扣除發行開支後約為6,600,000港元，已根據本公司於二零零三年七月十六日發表之公佈所載之建議，在截至二零零四年三月三十一日止年度內用作一般營運資金。

本公司在二零零三年十二月二日發行43,160,000份認股權證(「認股權證」)，就此所得之款項在扣除發行開支後約為23,000,000港元，其中約6,000,000港元已根據本公司於二零零三年十一月七日刊發之通函(「通函」)所載之建議，在截至二零零四年三月三十一日止年度內分別作下列用途：

- 約3,000,000港元用於本集團尚未開拓業務之亞洲國家，包括但不限於中華人民共和國(「中國」)、香港及泰國作為探索及發展新的貿易展(如籌辦新主題展覽會或全新展覽會)；
- 約2,000,000港元用於擴展現有貿易展之規模(如從現有展覽會分出更專門的主題或延長展期)；及

USE OF PROCEEDS FROM ISSUE OF THE COMPANY'S SHARES AND WARRANTS (continued)

– approximately HK\$1,000,000 as general working capital.

The balance of the proceeds of approximately HK\$17,000,000 is deposited with banks and will be applied in the coming years to their intended use as set out in the Circular.

Details of the issue of the Subscription Shares and Warrants are set out in notes 25 and 27 to the financial statements and disclosed under the heading "Share Capital, Share Option and Warrants" below.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published consolidated/combined results and of the assets and liabilities of the Group prepared on the basis set out in the note below:

RESULTS

發行本公司之股份及認股權證所得款項之用途(續)

– 約1,000,000港元用作一般營運資金。

有關款項之餘額約17,000,000港元已存於銀行，並會在來年撥作通函內所載之擬定用途。

發行認購股份及認股權證之詳情載於財務報表附註25及27及於下文「股本、購股權及認股權證」一節內披露。

財務資料概要

以下為本集團按照下文附註所載基準而編製之已刊發綜合/合併業績及資產與負債概要：

業績

		Year ended 31 March 截至三月三十一日止年度				
		2004	2003	2002	2001	2000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
TURNOVER	營業額					
Participation fee income	參展費收入	204,931	171,169	158,505	147,218	99,828
Entrance fee income	入場費收入	1,787	1,357	874	1,029	255
Hotel and travel package income	酒店及旅遊套票收入	11,686	-	-	-	-
Administrative income	行政收入	-	251	144	276	696
Advertising fee income	廣告費收入	7,200	6,948	4,515	1,810	652
Portal income	入門網站收入	2,748	1,156	-	-	-
		228,352	180,881	164,038	150,333	101,431
Other revenue	其他收益	333	334	908	904	293
Other income	其他收入	7,426	-	-	-	-
		236,111	181,215	164,946	151,237	101,724
Advertising and promotion expenses	廣告及推廣開支	(25,459)	(19,093)	(11,620)	(11,647)	(7,763)
Agency commission	代理佣金	(13,253)	(11,300)	(10,739)	(8,786)	(11,112)
Amortisation and depreciation	攤銷及折舊	(10,456)	(4,912)	(3,558)	(2,800)	(1,301)
Hotel and travel package expenses	酒店及旅遊套票開支	(12,437)	-	-	-	-
Operating lease rentals	經營租賃租金	(34,511)	(25,432)	(24,018)	(20,242)	(13,124)
Staff costs	員工成本	(40,405)	(29,146)	(26,897)	(24,103)	(13,908)
Other operating expenses	其他營運開支	(56,492)	(38,543)	(32,484)	(34,881)	(15,675)
PROFIT FROM OPERATING ACTIVITIES	經營業務溢利	43,098	52,789	55,630	48,778	38,841
Finance costs	融資成本	(352)	(386)	(504)	(435)	(355)
PROFIT BEFORE TAX	除稅前溢利	42,746	52,403	55,126	48,343	38,486
Taxation	稅項	(10,500)	(9,947)	(9,489)	(8,797)	(6,166)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東應佔日常業務純利	32,246	42,456	45,637	39,546	32,320

SUMMARY FINANCIAL INFORMATION (continued)

財務資料概要(續)

		As at 31 March 三月三十一日				
		2004	2003	2002	2001	2000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
ASSETS AND LIABILITIES	資產與負債					
NON-CURRENT ASSETS	非流動資產	80,995	67,438	20,986	26,717	7,840
CURRENT ASSETS	流動資產	112,822	86,623	55,570	35,396	46,183
CURRENT LIABILITIES	流動負債	(74,654)	(53,481)	(59,346)	(55,030)	(42,780)
NON-CURRENT LIABILITIES	非流動負債	(2,298)	(9,418)	(11,046)	(12,056)	(4,762)
		116,865	91,162	6,164	(4,973)	6,481

Note: The summary of the combined results of the Group for the two years ended 31 March 2001 and the combined assets and liabilities of the Group as at 31 March 2000 and 2001 have been extracted from the Company's prospectus dated 25 March 2002. This summary was prepared from the audited financial statements of the companies now comprising the Group as if the current structure of the Group had been in existence throughout these financial years. The results of the Group for the two years ended 31 March 2004 and its assets and liabilities as at 31 March 2003 and 2004 are those set out on pages 43 and 44 of the financial statements.

附註：本集團截至二零零一年三月三十一日止兩個年度之合併業績及本集團於二零零零年及二零零一年三月三十一日之合併資產與負債概要乃摘錄自本公司於二零零二年三月二十五日刊發之售股章程。本概要乃根據本集團現時旗下公司之經審核財務報表編製，猶如本集團之現時架構於該等財政年度一直存在。本集團截至二零零四年三月三十一日止之兩個年度之業績及於二零零三年及二零零四年三月三十一日之資產與負債分別載於財務報表第43及第44頁。

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 15, to the financial statements.

固定資產

本集團年內之固定資產變動詳情載於財務報表附註15。

SHARE CAPITAL, SHARE OPTION AND WARRANTS

On 16 July 2003, the Company entered into a subscription agreement with an independent third party for the Subscription Shares by way of issue of new shares, for a total cash consideration, before related expenses, of HK\$7,200,000. The net proceeds amounted to approximately HK\$6,600,000 was applied by the Group as general working capital as disclosed under the heading "Use of Proceeds from Issue of the Company's Shares and Warrants" above. The Subscription Shares were issued on 1 August 2003.

股本、購股權及認股權證

於二零零三年七月十六日，本公司與一獨立第三方訂立一項認購協議，以發行新股份之方式認購認購股份，扣除有關支出前之總現金代價為7,200,000港元。如上文「發行本公司之股份及認股權證所得款項之用途」所披露，本集團已將所得款項淨額約6,600,000港元用作一般營運資金。認購股份已於二零零三年八月一日發行。

On 17 October 2003, the Company entered into a conditional placing and underwriting agreement (the "Placing Agreement") with Ping An Securities Limited ("Ping An") and Hantec International Finance Group Limited ("Hantec") relating to the proposed private placing of the Warrants in registered form to be issued by the Company conferring rights to subscribe for ordinary shares of the Company at an initial subscription price of HK\$0.69 per share (subject to adjustments) to independent investors. The Warrants were issued at a price of HK\$0.58 per Warrant for cash consideration on 2 December 2003.

於二零零三年十月十七日，本公司與平安證券有限公司（「平安」）及亨達國際金融集團有限公司（「亨達」）訂立一項有條件配售及包銷協議（「配售協議」），內容有關建議以記名方式向獨立投資者私人配售由本公司發行之認股權證，該等認股權證賦予權利按初步認購價每股0.69港元（可予調整）認購本公司普通股股份。認股權證按每份認股權證0.58港元之價格於二零零三年十二月二日以現金代價發行。

SHARE CAPITAL SHARE OPTION AND WARRANTS (continued)

Each Warrant entitles the holder to subscribe for one ordinary share of the Company at an initial subscription price of HK\$0.69 per share (subject to adjustment) from the date of issue to 2 December 2005. Any shares falling to be issued upon the exercise of the subscription right attached to the Warrants will rank pari passu in all respects with the existing fully paid ordinary shares of the Company in issue on the relevant subscription date. No Warrant had been exercised during the period from the date of issue up to the date of the approval of this report and 43,160,000 Warrants were outstanding as at 31 March 2004. If the Warrants are fully exercised, the Company will be required to issue 43,160,000 new shares.

The directors intend to allocate the net proceeds from the issue of Warrants amounted to approximately HK\$23,000,000 as to (i) HK\$10,000,000 in exploring and developing new trade shows in Asian countries (such as organising shows with new themes or setting up new shows) including but not limited to the PRC, Hong Kong and Thailand which have not been tapped by the Group; (ii) HK\$10,000,000 in expanding the size of the established trade shows (such as differentiation of existing shows or extending the show periods); and (iii) the remaining HK\$3,000,000 as general working capital. Details of the use of proceeds from the issue of Warrants are disclosed under the heading "Use of Proceeds from Issue of the Company's Shares and Warrants" above.

Further details of the transaction are included in the Circular.

Details of other movements in the Company's share capital during the year, together with the reasons therefor, details of the Company's share option scheme, and details of the Warrants are set out in notes 25 to 27 to the financial statements and disclosed under the heading "Share Option Scheme" below.

股本、購股權及認股權證 (續)

每份認股權證賦予其持有人由發行日期起至二零零五年十二月二日止按初步認購價每股股份0.69港元(可予調整)認購1股本公司普通股股份的權利。因行使認股權證所附之認購權而須予發行之普通股股份於各方面將與本公司於有關認購日期之現有已發行及繳足股份享有同等權益。由發行日期起截至本報告批准日期止期間，並無認股權證獲行使，而於二零零四年三月三十一日尚未行使之認股權證為43,160,000份。倘認股權證獲悉數行使，本公司將須發行43,160,000股新股份。

董事計劃將發行認股權證所得款項淨額約23,000,000港元分別作下列用途：(i) 10,000,000港元用於本集團尚未開拓業務之亞洲國家，包括但不限於中國、香港及泰國作為探索及發展新的貿易展(如籌辦新主題展覽會或全新展覽會)；(ii) 10,000,000港元用於擴展現有貿易展之規模(如從現有展覽會分出更專門的主題或延長展期)；及(iii)其餘3,000,000港元用作一般營運資金。發行認股權證所得款項之用途於上文「發行本公司之股份及認股權證所得款項之用途」一節內披露。

有關交易之進一步詳情載於通函內。

本公司年內之其他股本變動詳情連同有關變動之原因，以及本公司購股權計劃詳情及認股權證詳情載於財務報表附註25至27，並於下文「購股權計劃」一節內披露。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 27 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2004, the Company's reserves available for cash distribution and/or distribution in specie, calculated in accordance with the Companies Law (2003 Revision) of the Cayman Islands, amounted to HK\$46,841,000 (2003: HK\$27,521,000), of which HK\$17,264,000 (2003: HK\$16,784,000) has been proposed as a final dividend for the year. Under the laws of the Cayman Islands, a company may make distributions to its members out of the contributed surplus accounts under certain circumstances. In addition, the Company's share premium account, in the amount of HK\$64,756,000 (2003: HK\$58,216,000) may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 22% (2003: 25%) of the Group's turnover for the year and turnover attributable to the largest customer included therein amounted to approximately 18% (2003: 18%). Purchases from the Group's five largest suppliers accounted for approximately 52% (2003: 64%) of the Group's cost of exhibitions for the year and the fees paid to the largest supplier accounted for approximately 27% (2003: 26%) of the Group's cost of exhibitions for the year.

None of the directors of the Company, or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

優先購買權

本公司之公司組織章程細則或開曼群島(本公司註冊成立所處之司法權區)法例概無載有關於優先購買權之條文，而令本公司須按比例向現有股東發售新股份。

購買、贖回或出售本公司之上市證券

本公司或其任何附屬公司在年內概無購買、贖回或出售任何本公司之上市證券。

儲備

本公司及本集團在年內之儲備變動詳情分別載於財務報表附註27及綜合權益變動表。

可分派儲備

於二零零四年三月三十一日，按照開曼群島公司法(二零零三年修訂版)計算之本公司可供作現金分派及/或實物分派之儲備為46,841,000港元(二零零三年：27,521,000港元)，其中17,264,000港元(二零零三年：16,784,000港元)獲建議作為本年度之末期股息。根據開曼群島法例，本公司可在若干情況下以繳入盈餘賬內之款項向其股東作出分派。此外，本公司股份溢價賬內之64,756,000港元(二零零三年：58,216,000港元)亦可以繳足股款紅利股份之形式作出分派。

主要客戶及供應商

於回顧年度內，本集團向五大客戶取得之銷售額佔本集團年內之營業額約22%(二零零三年：25%)，此數額包括向當中最大客戶取得之銷售額約18%(二零零三年：18%)。本集團向五大供應商之採購額佔本集團年內之展覽成本約52%(二零零三年：64%)，而向最大供應商支付之費用則佔本集團年內之展覽成本約27%(二零零三年：26%)。

本公司董事、彼等之任何聯繫人士或任何股東(就董事所知，擁有本公司已發行股本5%以上者)概無於本集團之五大客戶或供應商中擁有任何實益權益。

DIRECTORS

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

Executive directors:

Mr. Ip Ki Cheung (*Chairman*)
Mr. Cheung Shui Kwai (*Managing Director*)
Mr. Chan Siu Chung

Independent non-executive directors:

Mr. Wong Tat Tong (resigned on 27 July 2004)
Mr. Chan Wing Yau, George
Mr. Lai Yang Chau, Eugene ("Mr. Lai") (appointed on 15 December 2003)
Mr. Law Sung Ching, Gavin ("Mr. Law") (appointed on 27 July 2004)

In accordance with article 86(3) of the Company's articles of association, Mr. Lai and Mr. Law will retire from the Board at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 21 to 23 of this report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service agreement with the Company for an initial term of three years commencing from 1 April 2002 and which will continue thereafter until the agreement is terminated by not less than six calendar months' notice in writing served by either party on the other. Such notice of termination is agreed not to be issued earlier than 31 March 2005.

All independent non-executive directors have no fixed terms of appointments. No service agreement has been or will be entered into between the Company and either of the independent non-executive directors.

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

董事

年內及截至本報告日期為止，本公司之董事如下：

執行董事：

葉紀章先生 (主席)
張瑞貴先生 (董事總經理)
陳兆忠先生

獨立非執行董事：

黃達堂先生 (於二零零四年七月二十七日辭任)
陳永祐先生
黎瀛洲先生 (「黎先生」) (於二零零三年十二月十五日委任)
羅崇禎先生 (「羅先生」) (於二零零四年七月二十七日委任)

根據本公司之公司組織章程細則第86(3)條之規定，黎先生及羅先生將於即將舉行之股東週年大會上卸任董事一職，惟彼符合資格並願意膺選連任。

董事及高級管理層之簡歷

本公司董事及本集團高級管理層之簡歷載於本報告第21至23頁內。

董事之服務合約

各執行董事均與本公司訂立服務合約，自二零零二年四月一日起初步為期三年，並於其後繼續生效，直至協議任何一方發出不少於六個公曆月之書面通知終止協議為止，有關終止通知不得於二零零五年三月三十一日前發出。

所有獨立非執行董事均並無固定任期。本公司概無亦將不會與獨立非執行董事訂立服務合約。

除上述者外，擬於即將舉行之股東週年大會上膺選連任之董事概無與本公司訂立本公司不得於一年內終止而毋須作出賠償(法定賠償除外)之服務合約。

DIRECTORS' REMUNERATION

Directors' remuneration, comprised payments to the directors of the Company and its subsidiaries in connection with the management of the affairs of the Group, is as follows:

董事酬金

董事酬金(包括就管理本集團業務而支付予本公司及其附屬公司各董事之款項)如下:

Name of Director 董事姓名	Basic Salaries 基本薪金 HK\$'000 千港元	Housing Allowances 房屋津貼 HK\$'000 千港元	Bonuses 花紅 HK\$'000 千港元	Provident Fund Contributions 公積金供款 HK\$'000 千港元	Total 合計 HK\$'000 千港元
2004:					
Executive directors 執行董事					
Mr. Ip Ki Cheung 葉紀章先生	1,613	840	500	12	2,965
Mr. Cheung Shui Kwai 張瑞貴先生	1,613	-	300	12	1,925
Mr. Chan Siu Chung 陳兆忠先生	1,613	840	200	12	2,665
Independent non-executive directors 獨立非執行董事					
Mr. Wong Tat Tong 黃達堂先生	60	-	-	-	60
Mr. Lai Yang Chau, Eugene 黎瀛洲先生	18	-	-	-	18
	4,917	1,680	1,000	36	7,633

2003:

Executive directors 執行董事					
Mr. Ip Ki Cheung 葉紀章先生	1,613	840	-	12	2,465
Mr. Cheung Shui Kwai 張瑞貴先生	1,613	-	-	12	1,625
Mr. Chan Siu Chung 陳兆忠先生	1,613	840	-	12	2,465
Independent non-executive directors 獨立非執行董事					
Mr. Wong Tat Tong 黃達堂先生	60	-	-	-	60
	4,899	1,680	-	36	6,615

Included in the directors' remuneration of HK\$7,633,000 (2003: HK\$6,615,000) is HK\$898,000 (2003: HK\$2,070,000) which is included in "Development costs for shows and exhibitions" in the consolidated balance sheet.

董事酬金7,633,000港元(二零零三年:6,615,000港元)已包括綜合資產負債表內「展覽會發展成本」項下之898,000港元(二零零三年:2,070,000港元)。

The remuneration for the two years ended 31 March 2004 disclosed above does not include the estimated monetary value of residential accommodation provided to certain directors of the Group. The estimated monetary value of such residential accommodation provided to the directors, not charged to the income statement for the year, was approximately HK\$449,000 (2003: HK\$600,000).

上文所述截至二零零四年三月三十一日止兩個年度之酬金並無計入提供予本集團若干董事之住宅物業之估計貨幣價值。年內向該等董事提供之該幢住宅之估計貨幣價值約449,000港元(二零零三年:600,000港元)並無撥入損益賬。

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

年內並無董事放棄或同意放棄任何酬金之安排。

DIRECTORS' INTERESTS IN CONTRACTS

No director had a significant beneficial interest, either direct or indirect, in any contracts of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year. Save as disclosed in this report, none of the Director has had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group during the year.

董事之合約權益

本公司、其控股公司或其任何附屬公司於年內概無訂立董事直接或間接擁有重大實益權益而對本集團業務影響重大之任何合約。除本報告披露者外,年內各董事概無直接或間接擁有本集團任何成員公司購入、出售或租賃或擬購入、出售或租賃之任何資產之任何權益。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at 31 March 2004, none of the directors had any beneficial interests (including interests or short positions) in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which would be required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to in that section, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange.

董事及主要行政人員於股份、相關股份及債券之權益及淡倉

除下文披露者外，於二零零四年三月三十一日，概無董事於本公司及其任何聯營公司（具有證券及期貨條例（「證券及期貨條例」）第XV部所賦予之涵義）之股份、相關股份及債券中擁有根據證券及期貨條例第XV部份第7及8分部須知會本公司及香港聯合交易所有限公司（「聯交所」）（包括根據證券及期貨條例之有關條文被當作或被視為擁有之權益或淡倉）或根據證券及期貨條例第352條須記錄於該條例所述之登記冊或須根據上市規則之上市發行人董事進行證券交易之標準守則（「標準守則」）須知會本公司及聯交所之實益權益（包括權益或淡倉）。

Long positions in the shares of the Company

於本公司股份之好倉

Name of directors	董事名稱	Number of shares interested 持有權益之股份數目	Capacity 身份	Approximate percentage holding of shares 持股量概約百分比
Mr. Ip Ki Cheung (a)	葉紀章先生 (a)	108,000,000	Interest of a controlled corporation 擁有受控制公司之權益	50.05%
Mr. Cheung Shui Kwai (b)	張瑞貴先生 (b)	32,400,000	Interest of a controlled corporation 擁有受控制公司之權益	15.01%
Mr. Chan Siu Chung (c)	陳兆忠先生 (c)	21,600,000	Interest of a controlled corporation 擁有受控制公司之權益	10.00%

Notes:

附註：

- (a) Mr. Ip Ki Cheung is beneficially interested in 50% of the entire issued share capital of Capital Concord Profits Limited ("Capital Concord") which in turn holds 108,000,000 shares representing 50.05% of the entire issued shares of the Company as at 31 March 2004. Accordingly, Mr. Ip Ki Cheung is deemed to be interested in these 108,000,000 shares under the SFO.
- (a) 於二零零四年三月三十一日，葉紀章先生實益擁有Capital Concord Profits Limited（「Capital Concord」）全部已發行股本之50%權益，而該公司則持有本公司108,000,000股股份，佔本公司全部已發行股份之50.05%。因此，根據證券及期貨條例，葉紀章先生被視為擁有該108,000,000股股份之權益。
- (b) Mr. Cheung Shui Kwai is beneficially interested in 30% of the entire issued share capital of Capital Concord, which in turn holds 108,000,000 shares representing 50.05% of the entire issued shares of the Company as at 31 March 2004. The interest in 32,400,000 shares represents the proportionate attributable interest through Capital Concord's shareholding in the Company.
- (b) 於二零零四年三月三十一日，張瑞貴先生實益擁有Capital Concord全部已發行股本之30%權益，而該公司則持有本公司108,000,000股股份，佔本公司全部已發行股份之50.05%。所持有之32,400,000股股份乃透過Capital Concord於本公司之股權按比例計算之應佔權益。
- (c) Mr. Chan Siu Chung is beneficially interested in 20% of the entire issued share capital of Capital Concord, which in turn holds 108,000,000 shares representing 50.05% of the entire issued shares of the Company as at 31 March 2004. The interest in 21,600,000 shares represents the proportionate attributable interest through Capital Concord's shareholding in the Company.
- (c) 於二零零四年三月三十一日，陳兆忠先生實益擁有Capital Concord全部已發行股本之20%權益，而該公司則持有本公司108,000,000股股份，佔本公司全部已發行股本之50.05%。所持有之21,600,000股股份乃透過Capital Concord於本公司之股權按比例計算之應佔權益。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme as set out in note 26 to the financial statements, 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 Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

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

No option had been granted nor agreed to be granted under the share option scheme during the year and up to the date of approval of this report.

SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSABLE UNDER THE SFO

Save as disclosed below, as at 31 March 2004, none of the directors are aware of any other person, not being a director or chief executive of the Company, has an interest or short position in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the shares of the Company

董事購入股份或債券之權利

除於財務報表附註26所載購股權計劃披露者外，本公司、其控股公司或其任何附屬公司在年內概無訂立任何安排，致使本公司董事、彼等各自之配偶或18歲以下之子女可藉購入本公司或任何其他法人團體之股份或債券而得益。

購股權計劃

本公司購股權計劃之詳情載於財務報表附註26。

年內及截至本報告之批准日期為止，本公司並無根據購股權計劃授出或同意將予授出任何購股權。

主要股東及根據證券及期貨條例須予披露之權益

除下文披露者外，於二零零四年三月三十一日，董事概不知悉任何其他人士（並非本公司董事或主要行政人員）於本公司之股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部之條文規定須向本公司披露之權益或淡倉；或直接或間接擁有附可在所有情況下於本集團任何其他成員公司之股東大會上投票之權利之任何類別股本面值10%或以上之權益：

於本公司股份之好倉

Name	名稱	Number of shares interested 持有權益之股份數目	Capacity 身份	Approximate percentage holding of shares 持股量概約百分比
Capital Concord (1)	Capital Concord (1)	108,000,000	Beneficial owner 實益擁有人	50.05%
Best Aims Finance Limited ("Best Aims") (1, 2 and 5)	Best Aims Finance Limited ("Best Aims") (1、2及5)	108,000,000	Interest of a controlled corporation 擁有受控制公司之權益	50.05%
Harbour Rich Finance Limited ("Harbour Rich") (1, 3 and 6)	Harbour Rich Finance Limited ("Harbour Rich") (1、3及6)	32,400,000	Interest of a controlled corporation 擁有受控制公司之權益	15.01%
Pace Maker Finance Limited ("Pace Maker") (1, 4 and 7)	Pace Maker Finance Limited ("Pace Maker") (1、4及7)	21,600,000	Interest of a controlled corporation 擁有受控制公司之權益	10.00%
Mr. Ip Ki Cheung (1, 2, 5 and 8)	葉紀章先生 (1、2、5及8)	108,000,000	Interest of a controlled corporation 擁有受控制公司之權益	50.05%

SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSABLE UNDER THE SFO (continued) **主要股東及根據證券及期貨條例須予披露之權益 (續)**

Long positions in the shares of the Company (continued)

於本公司股份之好倉 (續)

Name	名稱	Number of shares interested 持有權益之股份數目	Capacity 身份	Approximate percentage holding of shares 持股量概約百分比
Mr. Cheung Shui Kwai (1, 3, 6 and 9)	張瑞貴先生 (1、3、6及9)	32,400,000	Interest of a controlled corporation 擁有受控制公司之權益	15.01%
Mr. Chan Siu Chung (1, 4, 7 and 10)	陳兆忠先生 (1、4、7及10)	21,600,000	Interest of a controlled corporation 擁有受控制公司之權益	10.00%
Value Partners Limited	惠理基金管理公司	23,918,000	Investment manager 投資經理	11.08%
Mr. Cheah Cheng Hye (11)	謝清海先生 (11)	23,918,000	Interest of a controlled corporation 擁有受控制公司之權益	11.08%
Dynamic Lead Limited ("Dynamic Lead") (12)	Dynamic Lead Limited (「Dynamic Lead」) (12)	20,356,000	Beneficial owner 實益擁有人	9.43%
Better Choice Investments Limited ("Better Choice") (12&13)	Better Choice Investments Limited (「Better Choice」) (12及13)	20,356,000	Interest of a controlled corporation 擁有受控制公司之權益	9.43%
REO Developments Limited ("REO") (13&14)	REO Developments Limited (「REO」) (13及14)	20,356,000	Interest of a controlled corporation 擁有受控制公司之權益	9.43%
Golden Resources Development International Limited ("Golden Resources") (14)	金源米業國際有限公司 (「金源米業」) (14)	20,356,000	Interest of a controlled corporation 擁有受控制公司之權益	9.43%
Cosmopolitan Properties and Securities Limited ("Cosmopolitan Properties")	四海地產證券有限公司 (「四海地產」)	18,300,000	Beneficial owner 實益擁有人	8.48%
Cosmopolitan International Holdings Limited ("Cosmopolitan International") (15)	四海國際集團有限公司 (「四海國際」) (15)	18,300,000	Interest of a controlled corporation 擁有受控制公司之權益	8.48%

SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSABLE UNDER THE SFO (continued)

Notes:

1. The entire issued share capital of Capital Concord is beneficially owned as to 50% by Best Aims, 30% by Harbour Rich and 20% by Pace Maker.
2. The entire issued share capital of Best Aims is beneficially owned by Mr. Ip Ki Cheung.
3. The entire issued share capital of Harbour Rich is beneficially owned by Mr. Cheung Shui Kwai.
4. The entire issued share capital of Pace Maker is beneficially owned by Mr. Chan Siu Chung.
5. These shares are attributable to Best Aims in respect of its 50% interest in Capital Concord, which in turn holds 108,000,000 shares representing 50.05% of the entire issued shares of the Company as at 31 March 2004. Best Aims is deemed to be interested in these 108,000,000 shares under the SFO.
6. These shares are attributable to Harbour Rich in respect of its 30% interest in Capital Concord, which in turn holds 108,000,000 shares representing 50.05% of the entire issued shares of the Company as at 31 March 2004.
7. These shares are attributable to Pace Maker in respect of its 20% interest in Capital Concord, which in turn holds 108,000,000 shares representing 50.05% of the entire issued shares of the Company as at 31 March 2004.
8. These shares are attributable to Mr. Ip Ki Cheung in respect of his 100% interest in Best Aims. Accordingly, Mr. Ip Ki Cheung is deemed to be interested in the 108,000,000 shares (in which Best Aims is deemed to be interested) under the SFO.
9. These shares are attributable to Mr. Cheung Shui Kwai in respect of his 100% interest in Harbour Rich.
10. These shares are attributable to Mr. Chan Siu Chung in respect of his 100% interest in Pace Maker.
11. Mr. Cheah Cheng Hye is deemed to be interested in the shares through his 31.82% interest in Value Partners Limited.
12. The entire issued share capital of Dynamic Lead is beneficially owned by Better Choice.
13. The entire issued share capital of Better Choice is beneficially owned by REO.
14. The entire issued share capital of REO is beneficially owned by Golden Resources, which is a listed company on the Stock Exchange.
15. The entire issued share capital of Cosmopolitan Properties is beneficially owned by Cosmopolitan International, which is a listed company on the Stock Exchange.

主要股東及根據證券及期貨條例須予披露之權益 (續)

附註：

1. Capital Concord之全部已發行股本中，Best Aims實益擁有50%、Harbour Rich實益擁有30%及Pace Maker實益擁有20%。
2. Best Aims之全部已發行股本乃由葉紀章先生實益擁有。
3. Harbour Rich之全部已發行股本乃由張瑞貴先生實益擁有。
4. Pace Maker之全部已發行股本乃由陳兆忠先生實益擁有。
5. 該等股份乃屬於Best Aims所有，此乃由於在二零零四年三月三十一日，Best Aims擁有Capital Concord之50%權益，而該公司擁有本公司108,000,000股股份，佔本公司全部已發行股份之50.05%。根據證券及期貨條例，Best Aims被視為持有該108,000,000股股份之權益。
6. 該等股份乃屬於Harbour Rich所有，此乃由於在二零零四年三月三十一日，Harbour Rich擁有Capital Concord之30%權益，而該公司擁有本公司108,000,000股股份，佔本公司全部已發行股份之50.05%。
7. 該等股份乃屬於Pace Maker所有，此乃由於在二零零四年三月三十一日，Pace Maker擁有Capital Concord之20%權益，而該公司擁有本公司108,000,000股股份，佔本公司全部已發行股份之50.05%。
8. 該等股份乃屬於葉紀章先生所有，此乃由於葉紀章先生擁有Best Aims之100%權益。因此，根據證券及期貨條例，葉紀章先生被視為持有108,000,000股股份 (Best Aims被視為持有該等股份之權益) 之權益。
9. 該等股份乃屬於張瑞貴先生所有，此乃由於張瑞貴先生擁有Harbour Rich之100%權益。
10. 該等股份乃屬於陳兆忠先生所有，此乃由於陳兆忠先生擁有Pace Maker之100%權益。
11. 謝清海先生透過其於惠理基金管理公司所擁有之31.82%權益被視為擁有該等股份之權益。
12. Dynamic Lead之全部已發行股本乃由Better Choice實益擁有。
13. Better Choice之全部已發行股本乃由REO實益擁有。
14. REO之全部已發行股本乃由金源米業實益擁有，而該公司為聯交所之上市公司。
15. 四海地產之全部已發行股本乃由四海國際實益擁有，而該公司為聯交所之上市公司。

CONNECTED TRANSACTION

On 17 October 2003, the Company entered into the Placing Agreement with Ping An and Hantec relating to the proposed private placing of the Warrants as disclosed under the heading "Share Capital, Share Option and Warrants" above.

Ping An is a connected person for the purposes of Rules 14.23 to 14.32 of the Listing Rules effective at the date of the transaction by virtue of the fact that one of their ultimate beneficial owners, Mr. Wan Chuen Chung, Joseph, is the brother of Mr. Wan Chuen Fai, a former independent non-executive Director of the Company who resigned on 10 December 2002. The transaction contemplated under the Placing Agreement therefore constitute a connected transaction for the Company under Rule 14.23 of the Listing Rules effective at the date of the transaction.

During an extraordinary general meeting of the Company held on 24 November 2003, the Placing Agreement was approved by the members of the Company who are independent of and not interested in the transactions contemplated by the Placing Agreement and not the associates of either Mr. Wan Chuen Fai or Mr. Wan Chuen Chung, Joseph.

Further details of the transaction are included in the Circular.

COMPLIANCE WITH CODE OF BEST PRACTICE

In the opinion of the directors of the Company, the Company complied with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Listing Rules of the Stock Exchange, throughout the accounting period covered by this report (the "Period"), except that the independent non-executive directors of the Company are not appointed on specific terms as required by paragraph 7 of the Code but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's articles of association.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 of the Listing Rules, throughout the Period. After having made specific enquiry to all directors of the Company, the directors are of the opinion that they have complied with the required standard set out in the Model Code regarding securities transactions by directors throughout the Period.

關連交易

於二零零三年十月十七日，本公司與平安及亨達訂立配售協議，內容有關建議私人配售如上文「股本、購股權及認股權證」一節所披露的認股權證。

由於平安一名最終實益擁有人尹銓忠先生乃本公司已於二零零二年十二月十日辭任之前獨立非執行董事尹銓輝先生之兄弟，因此，就於交易當日生效的上市規則第14.23至14.32條而言，平安屬於關連人士。因此，根據於交易當日生效的上市規則第14.23條，根據配售協議所擬進行之交易構成本公司一項關連交易。

於二零零三年十一月二十四日舉行之本公司股東特別大會上，配售協議已獲獨立並於根據配售協議所擬進行之交易概無權益，亦並非尹銓輝先生或尹銓忠先生之聯繫人士之本公司股東批准。

有關交易之進一步詳情載於通函內。

遵守最佳應用守則

本公司董事認為，除委任本公司獨立非執行董事時並無按照聯交所上市規則附錄十四所載之最佳應用守則（「守則」）第7段規定而訂定任期，但須按照本公司之公司組織章程細則之規定於本公司之股東週年大會上輪值告退並膺選連任外，本公司於本報告所涵蓋之整個會計期間（「該期間」）一直均有遵守守則之規定。

遵守上市公司董事進行證券交易的標準守則

本公司於該期間已採納上市規則附錄十所載之上市公司董事進行證券交易的標準守則（「標準守則」）。在向本公司全體董事作出特別查詢後，各董事認為彼等於該期間內一直遵守標準守則所載有關董事進行證券交易所規定之標準。

PUBLIC FLOAT

To the best knowledge of the directors of the Company, the Company had a public float of at least 25% of the total issued share capital of the Company during the year and as at the date of this report.

AUDIT COMMITTEE

The Audit Committee of the Company currently has a membership comprising the three independent non-executive directors of the Company. The terms of reference of the Audit Committee, which is based on "A Guide for the Formation of an Audit Committee" as issued by the Hong Kong Society of Accountants in December 1997, sets out the powers and duties of the committee and is reviewed by the Board of the Company from time to time. The Audit Committee meets regularly with management and the external auditors of the Company and reviews matters relating to audit, accounting and financial statements as well as internal control, risk evaluation and general compliance of the Group, and reports directly to the Board of the Company.

AUDITORS

HLB Hodgson Impey Cheng ("HLB") were first appointed as auditors of the Company on 26 July 2004 to fill the vacancy created by the resignation of Charles Chan, Ip & Fung CPA Ltd. ("CCIF") on 8 July 2004, which were appointed as auditors of the Company on 17 May 2004 to fill the vacancy created by the resignation of Ernst & Young on 21 April 2004.

HLB retire and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of HLB as auditors of the Company is to be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Ip Ki Cheung

Chairman

Hong Kong
27 July 2004

公眾持股量

就本公司董事所知，年內及於本報告日期，公眾人士所持持有本公司股份之數量最少達本公司已發行股本總數25%。

審核委員會

本公司之審核委員會現時由本公司三名獨立非執行董事組成。載列審核委員會之權力及職責之書面職權範圍，乃依據香港會計師公會於一九九七年十二月頒佈之「成立審核委員會指引」而編製，並由本公司董事會不時作出檢討。審核委員會定期與本公司管理層及外聘核數師會面，並檢討與本集團之核數、會計及財務報表以及內部監控、風險評估及全面遵守相關之事宜，及直接向本公司董事會匯報。

核數師

國衛會計師事務所（「國衛」）於二零零四年七月二十六日首次獲委任為本公司之核數師，以填補因陳葉馮會計師事務所有限公司（「陳葉馮」）於二零零四年七月八日辭任而產生之空缺。陳葉馮於二零零四年五月十七日獲委任為本公司之核數師，以填補因安永會計師事務所於二零零四年四月二十一日辭任而產生之空缺。

國衛即將告退，惟彼符合資格並願膺選連任。就重新委任國衛為本公司核數師之決議案將於即將召開之股東週年大會上提呈。

代表董事會

葉紀章

主席

香港
二零零四年七月二十七日