

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 April 2004.

CHANGE OF NAME

Pursuant to a special resolution passed at a special general meeting held on 30 October 2003, the name of the Company was changed from Neo-Tech Global Limited to Neo-China Group (Holdings) Limited.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its subsidiaries and associates are set out in notes 13 and 15 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2004 are set out in the consolidated income statement on page 15.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in property, plant and equipment of the Group are set out in note 12 to the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 59. This summary does not form part of the audited financial statements.

SHARE CAPITAL

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

Directors' Report (continued)

DIRECTORS

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

Executive directors:

Mr. Li Song Xiao	(appointed on 29 October 2003)
Mr. Liu Yi	(appointed on 29 October 2003)
Mr. Che Han Shu	(appointed on 29 October 2003)
Mr. Zhang Ling	(appointed on 29 October 2003)
Mr. Zhang Yao Hui	
Mr. Lai Leong	(resigned on 29 October 2003)

Independent non-executive directors:

Ms. Nie Mei Sheng	(appointed on 29 October 2003)
Mr. Zhang Yuan Duan	(appointed on 29 October 2003)
Mr. Chan Kin Shing	(resigned on 29 October 2003)
Mr. Zheng Kuan	(resigned on 29 October 2003)

In accordance with clause 86(2) of the Company's Bye-laws, Mr. Li Song Xiao, Mr. Liu Yi, Mr. Che Han Shu, Mr. Zhang Ling, Ms. Nie Mei Sheng and Mr. Zhang Yuan Duan retire and, being eligible, offer themselves for re-election.

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

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

Directors' Report (continued)

BIOGRAPHICAL DETAILS OF DIRECTORS AND COMPANY SECRETARY

DIRECTORS

Executive directors

Mr. Li Song Xiao, aged 39, is the Chairman of the Company. Mr. Li graduated from the Department of Architectural Engineering, Nanjing College of Architectural Engineering in 1985 and obtained a Masters degree in Architectural Management from the Graduate School of Chongqing College of Architectural Engineering in 1988 and an EMBA degree from Guanghua School of Management, Peking University in 2004. Mr. Li has vast experience in property management and development in the PRC, and has been working in related fields since 1987. Mr. Li is currently vice-chairman of Housing Industry Association of All China Federation of Industry Commerce and assistant head of Consolidate Development Committee of Research Committee of Real Estate and Accommodation in the PRC.

Mr. Liu Yi, aged 51, is the Executive Director and Chief Executive Officer of the Company. Mr. Liu, who graduated from the Department of Biology, Peking University in 1981 and obtained the EMBA degree from Guanghua School of Management, Peking University in 2004, holds the title of Senior Engineer. He has been general manager for several major state-owned enterprises in China, and has over 20 years of experience in senior corporate management. Mr. Liu has successful experience in overall strategic planning, management and business development.

Mr. Che Han Shu, aged 37, is the Executive Director of the Company. Mr. Che has over 10 years of experience in governmental services and corporate operational management. He worked in several governmental departments in the PRC, including the Jilin Youth United Association and the People's Government of Jilin Province. Prior to joining the Company, he was a director and the deputy general manager of Chang Chun Jilin University Information Technology Company Limited, responsible for the management of company's operational financial and marketing activities. Mr. Che was awarded a master degree in management from Business School of Jilin University, an EMBA degree from Guanghua School of Management, Peking University in 2004, and Bachelor of Education degree from the China Youth University For Political Science.

Mr. Zhang Yao Hui, aged 33, is the Executive Director of the Company. Mr. Zhang has worked for China International Futures Co Ltd and the investment banking division of Hai Tong Securities Limited. Mr. Zhang has over 9 years of experience in areas such as formulating corporate development strategies, planning financing activities in relation to company listing, acquisitions and mergers and management of investment portfolios. Mr. Zhang is the independent director of Li Jiang Yu Long Tourism Co Ltd which is listed on the Shen Zhen Stock Exchange. Mr. Zhang holds a Bachelor Degree in Science from Fu Dan University and a Master Degree in Management Studies from Central South University.

Directors' Report (continued)

Mr. Zhang Ling, aged 39, is the Executive Director of the Company. He has over 16 years of experience in the property development industry in the PRC. He worked for Property Development of the National Ministry of Construction and was the commissioner of Real Estate Investment Department of Rural Development Trust Investment Company of the PRC. He holds a Bachelor's degree in Mathematics from Sun Yat-Sen University and a Master's degree in Architectural Management from the Graduate School of Chongqing Jianzhu University.

Independent non-executive directors

Mr. Zhang Yuan Duan, aged 63, is the Independent Non-Executive Director of the Company. Mr. Zhang is a professor and senior engineer and has over 30 years of policy research and industry management experience in real estate area in the PRC. He is currently the vice-president and secretary of China Real Estate and Residential Research Association (living environment), leading member of the China Real Estate and Residential Research Association (consolidate development), leading member of the China Real Estate and Residential Research Association (property finance).

Ms. Nie Mei Sheng, aged 63, is the Independent Non-Executive Director of the Company. Ms. Nie is a senior engineer of professor grade and has over 30 years of experience in the civil engineering and construction technology and was the Secretary of Technology Department of Ministry of Construction. Ms. Nie was awarded first class technology enhancement prize from National Teaching Committee and first class technology enhancement prize from National Ministry of Construction. Ms. Nie is currently the director of China Housing Industry Association, standing committee member of China Civil Engineering Society and head of sub-committee of Water Industry Association.

COMPANY SECRETARY

Ms. Chan Yim Kum, aged 40, is the Company Secretary of the Company. Miss Chan holds a Bachelor's Degree (Honours) in Business Administration from the United Kingdom and a Master's Degree in Professional Accountancy from Hong Kong. Miss Chan is a member of The Institute of Chartered Secretaries and Administration of the United Kingdom; The Hong Kong Institute of Company Secretaries; and The Taxation Institute of Hong Kong. Miss Chan has over 15 years of experience in corporate management and administration.

Directors' Report (continued)

DIRECTORS' INTERESTS IN SHARES

As at 30 April 2004, the interests of the directors and their associates in the shares and underlying 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:

Long position

Ordinary shares of HK\$0.01 each of the Company:

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Li Song Xiao	Beneficial owner	1,200,000,000 (<i>Note</i>)	57.81

Note: These shares are held by Invest Gain Limited, which is beneficially wholly-owned by Mr. Li Song Xiao.

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations as at 30 April 2004.

SHARE OPTIONS

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

The following table discloses movements during the year in the Company's share options granted under the share option scheme adopted by the Company on 19 August, 1993 and amended on 24 October, 2000:

Category of participants	Outstanding at 1 May 2003 HK\$	Cancelled during the year the year HK\$	Outstanding at 30 April 2004 HK\$
Employees	50,000	(50,000)	—

The options were cancelled during the year after resignation of the relevant employees.

Directors' Report (continued)

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes, at no time during the year was the Company, its holding 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 during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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 the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

As at 30 April 2004, the Company gives a guarantee in favour of Phoenix Satellite Television Company Limited, a substantial shareholder of a subsidiary, Phoenix Real Property Limited, under which the Company guaranteed the due performance of Oasiscity Limited, a wholly-owned subsidiary of the Company, of the Group's obligations under a subscription and shareholders' agreement dated 29 October 2003 related to a property project in Shenzhen, the People's Republic of China. Details of this property project are set out in note 27 to the financial statements..

The independent non-executive directors confirm that the transaction has been entered into by the Company in the ordinary course of its business and in accordance with the terms of the agreement governing such transaction.

Directors' Report (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 30 April 2004, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long position

Ordinary share of HK\$0.01 each of the Company

Name	Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Invest Gain Limited	Beneficial owner	1,200,000,000	57.81
Wealth Bonus Limited	Beneficial owner	240,591,000	11.59
Mr. Li Song Xiao	Held by controlled corporation (<i>note a</i>)	1,200,000,000	57.81
Ms. Liu Hui	Spouse interest (<i>note b</i>)	1,200,000,000	57.81
Mr. Lai Leong	Held by controlled corporation (<i>note c</i>)	240,591,000	11.59

Notes:

- (a) These shares are held by Invest Gain Limited, which is beneficially wholly owned by Mr. Li Song Xiao. These interest has also been disclosed in the above paragraph of Directors' Interest in Shares of this report.
- (b) Ms. Liu Hui is the spouse of Mr. Li Song Xiao. Accordingly, Ms Liu Hui was deemed to be interested in the shares owned by Mr. Li Song Xiao.
- (c) Mr. Lai Leong was deemed to be interested in 240,591,000 shares in the Company by virtue of his 90% interest in Wealth Bonus Limited which held such shares. The other 10% interest is held by Mr. Zhang Yao Hui, the executive director of the Company.

Other than as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company as at 30 April 2004.

Directors' Report (continued)

CORPORATE GOVERNANCE

Except that the independent non-executive directors were not appointed for any specific terms as they would be subject to retirement by rotation in accordance with the Bye-laws of the Company, the Company has complied 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 34 to the financial statements.

AUDITORS

During the year, Messrs. Grant Thornton, who acted as auditors of the Company for the past three years, resigned and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company. A resolution will be submitted to the annual general meeting to re-appoint the auditors, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

Li Song Xiao
Chairman

27 August 2004