



DIRECTORS' REPORT

The directors of the Company (the "Directors") present their report and the audited financial statements for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 14 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2005 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 20 to 54.

An interim dividend of HK3.5 cents per share amounting to HK\$83,927,000 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK7 cents per share to the shareholders whose names appear on the Register of Members on 24 August 2005, amounting to HK\$167,854,000.

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the statements of changes in equity on pages 26 to 27.

DISTRIBUTABLE RESERVES

Distributable reserves including proposed dividend of the Company at 31 March 2005 calculated under section 79B of the Companies Ordinance amounted to HK\$668,235,000.



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FIVE YEAR 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 55.

DIRECTORS

The Directors in office during the year and up to the date of this report were:-

Executive directors

Mr. Ching-fat MA, *Chairman* (appointed on 17 May 2005)

Mr. Shun-choi LAM, *Vice-Chairman*

Mr. Shun-chuen LAM, *Chief Executive Officer*

Non-executive director

Mr. Dominic LAI

Independent non-executive directors

Mr. Siu-leun CHAM, *OBE, JP*

Mr. Ping-wing PAO, *JP*

Mr. Yat-fai LAM (appointed on 15 September 2004)

In accordance with Article 94 of the Company's Articles of Association, Mr. Ching-fat MA and Mr. Yat-fai LAM shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. In accordance with Article 103 of the Company's Articles of Association, Mr. Shun-choi LAM and Mr. Ping-wing PAO shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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

The Company has received from all the independent non-executive directors the written confirmation of independence and considered that their independence be appropriate.



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DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

At 31 March 2005, the directors, the chief executive and their respective associates had interests in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") as follows:

Interests in the Company

Name of Director	Capacity	Number of ordinary shares held				Total	Percentage of shareholding
		Personal interests	Family Interests	Corporate interests	Other Interests		
Shun-chuen LAM	Founder of a discretionary trust	-	-	-	1,375,045,800 (Note)	1,375,045,800	57.34%
Siu-leun CHAM	Beneficial owner	165,000	-	-	-	165,000	0.01%

Note:

Such 1,375,045,800 shares are held by Ever Holdings Limited (holding 84,281,880 shares), Tarbela Company Limited (holding 681,037,500 shares), Tarboca Company Limited (holding 360,328,020 shares) and Sermost Limited (holding 249,398,400 shares). Tarbela Company Limited, Tarboca Company Limited and Sermost Limited are the wholly-owned subsidiaries of Ever Holdings Limited; Ever Holdings Limited is the wholly-owned subsidiary of Magicway Investment Limited; Magicway Investment Limited is the wholly-owned subsidiary of Wonderful Star Limited and Wonderful Star Limited is the wholly-owned subsidiary of Ma's Holdings Limited. Ma's Family Trust, a discretionary trust, is the sole beneficial owner of Ma's Holdings Limited. The Company's director, Mr. Shun-chuen LAM, being the founder of Ma's Family Trust, is taken to be interested in the shares of the Company and thus is taken to be interested in those 1,375,045,800 shares held by the above mentioned companies.

Other than the holdings disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. None of the directors or the chief executive or their associates had, as at 31 March 2005, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its above-mentioned associated corporations, or had exercised any such rights.



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DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 23 to the financial statements, there were no contracts of significance to which the Company, its holding companies or 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.

None of the directors has a service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

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

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

AUDIT COMMITTEE

The Audit Committee was established in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises 2 independent non-executive directors and 1 non-executive director.

CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31 March 2005 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.



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DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

At 31 March 2005, shareholders (other than directors or chief executive of the Company) who had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Interests in the Company

Name	Capacity	Number of ordinary shares	Percentage of Shareholding
Ching-fat MA	Trustee of a discretionary trust	1,375,045,800 <i>(Notes 1 & 2)</i>	57.34%
Ma's Holdings Limited	Interest of controlled corporations	1,375,045,800 <i>(Note 1)</i>	57.34%
Wonderful Star Limited	Interest of controlled corporations	1,375,045,800 <i>(Note 1)</i>	57.34%
Magicway Investment Limited	Interest of controlled corporations	1,375,045,800 <i>(Note 1)</i>	57.34%
Ever Holdings Limited	Beneficial owner and interest of controlled corporations	1,375,045,800 <i>(Note 1)</i>	57.34%
Tarbela Company Limited	Beneficial owner	681,037,500 <i>(Note 1)</i>	28.40%
Tarboca Company Limited	Beneficial owner	360,328,020 <i>(Note 1)</i>	15.03%
Sermost Limited	Beneficial owner	249,398,400 <i>(Note 1)</i>	10.40%
Mui-fong HUNG	Interest of spouse	1,375,045,800 <i>(Note 1)</i>	57.34%



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Notes:

- (1) Such 1,375,045,800 shares are held by Ever Holdings Limited (holding 84,281,880 shares), Tarbela Company Limited (holding 681,037,500 shares), Tarboca Company Limited (holding 360,328,020 shares) and Sermost Limited (holding 249,398,400 shares). Tarbela Company Limited, Tarboca Company Limited and Sermost Limited are the wholly-owned subsidiaries of Ever Holdings Limited; Ever Holdings Limited is the wholly-owned subsidiary of Magicway Investment Limited; Magicway Investment Limited is the wholly-owned subsidiary of Wonderful Star Limited and Wonderful Star Limited is the wholly-owned subsidiary of Ma's Holdings Limited. Ma's Family Trust is the sole beneficial owner of Ma's Holdings Limited. Mr. Ching-fat MA, being the trustee of Ma's Family Trust, and Ms. Mui-fong HUNG, being spouse of Mr. Ching-fat MA, are also deemed to be interested in the shares of the Company.

- (2) Mr. Ching-fat MA was appointed as executive director of the Company on 17 May 2005.

Save as disclosed above, no other party had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$4,024,000.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are shown in note 24 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2005, the five largest customers of the Group accounted for approximately 49% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer amounted to approximately 35%.

The percentage of purchases attributable to the Group's five largest suppliers is approximately 49% of the Group's total purchases for the year and the percentage of purchases attributable to the Group's largest supplier amounted to approximately 18%.

None of the directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in the share capital of any of those customers and suppliers.



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AUDITORS

Deloitte Touche Tohmatsu ("Deloitte") resigned as auditors of the Company on 20 October 2004 and Grant Thornton were appointed as auditors of the Company on 25 October 2004 by the Directors to fill the casual vacancy following the resignation of Deloitte. There were no other changes of auditors by the Company in the past three years. A resolution for the Company to re-appoint Grant Thornton as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Shun-chuen LAM
Chief Executive Officer

28 June 2005

