



Directors' Report 董事會報告書

The directors present their annual report and the audited financial statements for the year ended March 31, 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and an associate are set out in notes 17 and 18, respectively, to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended March 31, 2005 are set out in the consolidated income statement on page 60.

No dividend was paid during the year.

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 139.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group and the Company during the year are set out in note 15 to the financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at March 31, 2005 are set out on page 140.

董事會謹此提呈截至二零零五年三月三十一日止年度之年度報告書及經審核財務報表。

主要業務

本公司為一間投資控股公司。其主要附屬公司及聯營公司之業務分別載於財務報表附註17及18。

業績及股息分派

本集團截至二零零五年三月三十一日止年度之業績載於第60頁之綜合收益表。

年內並無派發股息。

財務摘要

本集團過去五個財政年度之業績摘要及資產與負債之摘要載於第139頁。

物業、廠房及設備

本集團及本公司之物業、廠房及設備於年內之變動載於財務報表附註15。

主要物業

本集團於二零零五年三月三十一日之主要物業詳情載於第140頁。

SHARE CAPITAL AND WARRANTS

Movements in the share capital and outstanding warrants of the Company are set out in note 30 to the financial statements.

On September 28, 2004, pursuant to agreements made between the Company and two independent investors, 260,000,000 warrants were issued at a price of HK\$0.01 per warrant. Each of the warrants will give the holder the right to subscribe in cash for one share of the Company at an initial subscription price of HK\$0.66 per share of HK\$0.01 of the Company at any time from the date of issue thereof up to and including September 27, 2009.

During the year, 170,000,000 warrants were exercised and 170,000,000 ordinary shares of HK\$0.01 each in the Company at a price of HK\$0.66 per share were issued. At the balance sheet date, the Company had outstanding 90,000,000 warrants. Exercise in full of such warrants would result in the issue of 90,000,000 additional shares.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 64 and note 31 to the financial statements, respectively.

POST BALANCE SHEET EVENTS

Details of the significant events occurring after the balance sheet date are set out in note 46 to the financial statements.

股本及認股權證

本公司之股本及尚未償還認股權證變動載於財務報表附註30。

於二零零四年九月二十八日，根據本公司與兩位獨立投資者訂立之協議，以每份認股權證0.01港元之價格，發行260,000,000份認股權證。每份認股權證賦予其持有人權利，由認股權證發行當日起計至二零零九年九月二十七日（包括該日）之任何期間，按初步認購價為每股0.66港元，以現金認購一股本公司股本中每股面值0.01港元之股份。

於年內，170,000,000份認股權證已獲行使，本公司已按每股股份0.66港元之價格發行170,000,000股每股面值0.01港元之普通股。於結算日，本公司有90,000,000份尚未行使之認股權證。倘悉數行使上述認股權證，則本公司將額外發行90,000,000股股份。

儲備

本集團及本公司儲備年內變動分別載於第64頁之綜合權益變動表及財務報表附註31。

結算日後事項

結算日後發生之重要事項詳情載於財務報表附註46。



Directors' Report 董事會報告書

DIRECTORS

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

Executive directors

Mr. Li Xiao Yun
Mr. Xu Ying
Mr. Liu Ming Hui
Mr. Zhu Wei Wei
Mr. Ma Jin Long

Non-executive directors

Mr. Feng Zhuo Zhi (appointed on May 20, 2005)
Mr. Wu Bang Jie (resigned on May 20, 2005)

Independent non-executive directors

Mr. Zhao Yu Hua
Dr. Mao Er Wan
Ms. Wong Sin Yue Cynthia

In accordance with the provisions of the Company's Bye-laws, Mr. Feng Zhuo Zhi, Mr. Zhao Yu Hua and Mr. Zhu Wei Wei shall retire and, being eligible, offer themselves for re-election.

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

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).

董事

年內及截至本報告刊發日期，本公司之在任董事如下：

執行董事

李小雲先生
徐鷹先生
劉明輝先生
朱偉偉先生
馬金龍先生

非執行董事

馮卓志先生
(於二零零五年五月二十日獲委任)
吳邦杰先生
(於二零零五年五月二十日辭任)

獨立非執行董事

趙玉華先生
毛二萬博士
黃倩如女士

按照本公司公司細則之規定，馮卓志先生、趙玉華先生及朱偉偉先生將會告退，彼等合乎資格並願膺選連任。

各非執行董事或獨立非執行董事之任期乃按照上述本公司公司細則之條款規定至其輪值告退為止之期間。

概無擬於應屆股東週年大會上膺選連任之董事訂有可由本集團於一年內在不予補償(法定補償除外)下終止之服務合約。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at March 31, 2005, the interests or short positions of the directors and chief executives of the Company in the equity or debt securities and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

(a) Ordinary shares of HK\$0.01 each of the Company (the "Shares")

董事及行政總裁於股份之權益

於二零零五年三月三十一日，董事及行政總裁於本公司或其相聯法團（按證券及期貨條例（「證券及期貨條例」）第XV部之涵義）之股本或債務證券及相關股份中擁有(a)根據證券及期貨條例第XV部第7及第8分部必須知會本公司及香港聯合交易所（「聯交所」）之權益或短倉（包括根據證券及期貨條例有關條文該董事被視為或當作擁有之權益或短倉）；或(b)根據證券及期貨條例第352條規定必須列入該條例所指之登記冊內之權益或短倉；或(c)根據證券上市規則（「上市規則」）所載上市公司董事進行證券交易之標準守則必須通知本公司及聯交所之權益或短倉如下：

(a) 本公司每股面值0.01港元之普通股（「股份」）

Name of director	Nature of interest	Number of attributable number of Shares held	Approximate percentage or attributable percentage of shareholdings (%)
董事名稱	權益性質	應佔之股份數目	持股概約百分比或應佔百分比(%)
Mr. Liu Ming Hui ("Mr. Liu") 劉明輝先生（「劉先生」）	Personal 個人	375,000,000 (L) 180,000,000 (S) (Note) (附註)	16.71 8.02

L: Long position
S: Short position

L: 長倉
S: 短倉



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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES (Continued)

- (a) Ordinary shares of HK\$0.01 each of the Company (the "Shares") (Continued)

Note: Pursuant to the sale and purchase agreement dated March 8, 2005 (the "Sale and Purchase Agreement"), Mr. Liu has agreed to sell an aggregate of 190,000,000 Shares to Hai Xia Finance Holdings Limited ("Hai Xia"). As at March 31, 2005, the sale and purchase of 10,000,000 Shares has been completed. Details of the Sale and Purchase Agreement are set out in the announcement of the Company dated March 9, 2005.

These 375,000,000 Shares represent 195,000,000 Shares beneficially owned by Mr. Liu and 180,000,000 Shares agreed to be delivered to Hai Xia pursuant to the Sale and Purchase Agreement.

- (b) Share options

Name of director	Number of options held (Note) 持有購股權 數目 (附註)
Li Xiao Yun 李小雲	5,000,000 5,000,000份
Xu Ying 徐鷹	95,000,000 95,000,000份
Mr. Liu 劉先生	135,000,000 135,000,000份

董事及行政總裁於股份之權益 (續)

- (a) 本公司每股面值0.01港元之普通股 (「股份」) (續)

附註： 根據於二零零五年三月八日訂立之買賣協議 (「買賣協議」)，劉先生已同意向海峽金融控股有限公司 (「海峽」) 出售合共190,000,000股股份。於二零零五年三月三十一日已完成買賣10,000,000股股份。買賣協議之詳情載於本公司在二零零五年三月九日刊發之公佈內。

該等375,000,000股股份乃指由劉先生實益擁有之195,000,000股股份及根據買賣協議將予交付海峽之180,000,000股股份。

- (b) 購股權

Nature of interest	Number of underlying shares
Beneficial owner 實益擁有人	5,000,000 5,000,000份
Beneficial owner 實益擁有人	95,000,000 95,000,000份
Beneficial owner 實益擁有人	135,000,000 135,000,000份

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES (Continued)

(b) Share options (Continued)

Name of director	Number of options held (Note) 持有購股權數目 (附註)
Zhu Wei Wei 朱偉偉	10,000,000 10,000,000份
Ma Jin Long 馬金龍	9,240,711 9,240,711份
Wu Bang Jie 吳邦杰	3,000,000 3,000,000份
Zhao Yu Hua 趙玉華	1,700,000 1,700,000份
Mao Er Wan 毛二萬	1,700,000 1,700,000份
Wong Sin Yue Cynthia 黃倩如	1,700,000 1,700,000份
	<u>262,340,711</u>

Note: The share options were granted under the share option scheme adopted by the Company on February 6, 2003 and the holders thereof are entitled to subscribe for Shares at an exercise price and exercise period as disclosed in the section headed "Share Options" below.

董事及行政總裁於股份之權益 (續)

(b) 購股權 (續)

Nature of interest	Number of underlying shares
Beneficial owner 實益擁有人	10,000,000 10,000,000份
Beneficial owner 實益擁有人	9,240,711 9,240,711份
Beneficial owner 實益擁有人	3,000,000 3,000,000份
Beneficial owner 實益擁有人	1,700,000 1,700,000份
Beneficial owner 實益擁有人	1,700,000 1,700,000份
Beneficial owner 實益擁有人	1,700,000 1,700,000份
	<u>262,340,711</u>

附註：該等購股權乃根據本公司於二零零三年二月六日採納之購股權計劃授出，其持有人可按下文「購股權」一節所述之行使價及行使期認購股份。



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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES *(Continued)*

Save as disclosed above, as at March 31, 2005, none of the directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the equity or debt securities and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executives' Interests in Shares" 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.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 44 to the financial statements.

董事及行政總裁於股份之權益 (續)

除上文所披露者外，於二零零五年三月三十一日，本公司之董事及行政總裁概無於本公司或其相聯法團（按證券及期貨條例第XV部之涵義）之股本或債務證券及相關股份中擁有或被視作擁有(a)根據證券及期貨條例第XV部第7及第8分部必須通知本公司及聯交所之權益或短倉（包括根據證券及期貨條例有關條文該等董事被視為或當作擁有之權益或短倉）；或(b)根據證券及期貨條例第352條規定必須列入該條例所指之登記冊內之權益或短倉；或(c)根據上市規則所載上市公司董事進行證券交易之標準守則必須通知本公司及聯交所之權益或短倉。

購買股份或債券之安排

除上文「董事及行政總裁於股份之權益」一節所披露者外，本公司或其任何附屬公司或均無於年內任何時間作出任何安排，以便本公司董事藉收購本公司或任何其他法人團體之股份或債券而獲益。

購股權

本公司購股權計劃之詳情載於財務報表附註44。

SHARE OPTIONS (Continued)

The following table discloses movements in the Company's share options during the year:

購股權 (續)

下表披露本公司購股權於年內之變動：

Name	Exercisable period	Exercise price per share	Outstanding at April 1, 2004	Number of share options			Outstanding at March 31, 2005
				Granted during the year	Exercised during the year	Lapsed during the year	
姓名	行使期	每股行使價 HK\$ 港元	於 二零零四年 四月一日 尚未行使	於年內授出 (Note 3) (附註3)	於年內行使	於年內失效	於 二零零五年 三月三十一日 尚未行使
Directors							
董事							
Li Xiao Yun 李小雲	9.1.2004 to 1.8.2014	0.80	5,000,000	-	-	-	5,000,000
Xu Ying 徐鷹	9.1.2004 to 1.8.2014 (Note 1) (附註1)	0.80 0.71	5,000,000 -	- 90,000,000	- -	- -	5,000,000 90,000,000
Mr. Liu 劉先生	9.1.2004 to 1.8.2014 (Note 1) (附註1)	0.80 0.71	5,000,000 -	- 130,000,000	- -	- -	5,000,000 130,000,000
Zhu Wei Wei 朱偉偉	9.1.2004 to 1.8.2014 (Note 2) (附註2)	0.80 0.71	4,000,000 -	- 6,000,000	- -	- -	4,000,000 6,000,000
Ma Jin Long 馬金龍	9.1.2004 to 1.8.2014	0.80	9,240,711	-	-	-	9,240,711
Wu Bang Jie* 吳邦杰*	9.1.2004 to 1.8.2014 (Note 2) (附註2)	0.80 0.71	2,000,000 -	- 1,000,000	- -	- -	2,000,000 1,000,000
Zhao Yu Hua 趙玉華	9.1.2004 to 1.8.2014 1.1.2005 to 10.5.2014	0.80 0.71	1,000,000 -	- 700,000	- -	- -	1,000,000 700,000
Mao Er Wan 毛二萬	9.1.2004 to 1.8.2014 1.1.2005 to 10.5.2014	0.80 0.71	1,000,000 -	- 700,000	- -	- -	1,000,000 700,000
Wong Sin Yue Cynthia 黃倩如	9.1.2004 to 1.8.2014 1.1.2005 to 10.5.2014	0.80 0.71	1,000,000 -	- 700,000	- -	- -	1,000,000 700,000
			33,240,711	229,100,000	-	-	262,340,711
Other employees 其他僱員	9.1.2004 to 1.8.2014 (Note 2) (附註2)	0.80 0.71	88,000,000 -	- 166,300,000	(5,780,000) -	(1,100,000) -	81,120,000 166,300,000
			88,000,000	166,300,000	(5,780,000)	(1,100,000)	247,420,000
			<u>121,240,711</u>	<u>395,400,000</u>	<u>(5,780,000)</u>	<u>(1,100,000)</u>	<u>509,760,711</u>

* Resigned as a director of the Company on May 20, 2005.

* 已於二零零五年五月二十日辭任本公司董事一職。



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SHARE OPTIONS (Continued)

Notes:

- (1) The exercisable period is from November 22, 2004 to October 5, 2014. The exercise of the options will be subject to the condition that the consolidated net asset value of the Company and its subsidiaries which shall be certified by the auditors appointed by the Company as at the date of the exercise of the options being not less than HK\$1 billion.
- (2) The original exercisable period was July 1, 2005 to October 5, 2014. Pursuant to a resolution passed in the board of directors meeting held on March 20, 2005, the exercisable period is changed to the period from March 20, 2005 to October 5, 2014.
- (3) The closing price of the Company's shares immediately before October 6, 2004, the date of grant, was HK\$0.71 per share.

The fair value of the options granted in the current year measured at the date of grant on October 6, 2004 was HK\$0.51 per option. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

- i. an expected volatility of 59% based on historical volatility;
- ii. no annual dividend; and
- iii. the estimated expected life of the options granted during the year is 10 years. The corresponding 10 years Hong Kong Exchange Fund Notes interest rate at the date the options were granted was 4.32% per annum.

For the purposes of the calculation of fair value, no adjustment has been made in respect of options expected to be forfeited due to lack of 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 estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

購股權 (續)

附註：

- (1) 行使期由二零零四年十一月二十二日至二零一四年十月五日。行使購股權須視乎本公司所聘任之核數師於行使購股權時確認，本公司及其附屬公司之綜合資產淨值不少於10億港元。
- (2) 行使期原為由二零零五年七月一日至二零一四年十月五日。根據於二零零五年三月二十日召開董事會會議所通過之決議案，行使期更改由二零零五年三月二十日至二零一四年十月五日之期間。
- (3) 本公司股份於緊接二零零四年十月六日(授出日期)前之收市價為每股股份0.71港元。

於本年度內授出之購股權於授出日期二零零四年十月六日之公平值為每份購股權0.51港元。在運用畢蘇購股權定價模式推斷公平價值時曾作出下列各項主要假設：

- i. 基於過往波幅之預期波幅為59%；
- ii. 不設全年股息；及
- iii. 所授出購股權之預期有效期限為十年。於授出購股權日期，相對應之十年期香港外匯基金票據之接近息率為4.32%。

就計算合理價值而言，由於缺乏以往數據，並無對預期沒收之購股權方面作出調整。

畢蘇購股權定價模式需要投入高度主觀之假設，包括股價之波動。由於主觀投入假設之變動是以重大影響合理價值估計，董事會認為，現有模式未必一定提供購股權公平價值之可靠單一量度。

SUBSTANTIAL SHAREHOLDERS

As at March 31, 2005, so far as was known to the directors and the chief executives of the Company, the following persons, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

主要股東

據本公司董事及行政總裁所知，於二零零五年三月三十一日，下列人士(本公司之董事或行政總裁除外)於股份及相關股份中擁有根據證券及期貨條例第XV部第2及第3分部之條文必須向本公司披露之權益或短倉，或直接或間接擁有5%或以上之任何類別股本面值(附有一切情況下於本公司或本集團任何其他成員公司之股東大會上投票的權利)：

Name of shareholder	Capacity	Number or attributable number of shares held or short position	Approximate percentage or attributable percentage of shareholdings (%)
股東名稱	身份	持有或應佔之 股份數目或短倉	持股概約百分比 或應佔百分比
Hai Xia (Note 1) 海峽 (附註1)	Beneficial owner 實益擁有人	340,000,003(L) 150,000,003(S)	15.15 6.68
China Petroleum & Chemical Corporation 中國石油化工股份有限公司	Beneficial owner 實益擁有人	210,000,000(L)	9.35
Madam Xu Xau Lan (Note 2) 許秀蘭女士 (附註2)	Deemed Interest 視作權益	510,000,000(L) 180,000,000(S)	22.72 8.02

L: Long position
S: Short position

L : 長倉
S : 短倉



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SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

- (1) On March 8, 2005, a sale and purchase agreement was entered into between Hai Xia and Mr. Liu. Pursuant to which Mr. Liu has agreed to sell and Hai Xia has agreed to purchase 190,000,000 Shares from Mr. Liu in five tranches for a cash consideration in an aggregate amount of HK\$330,000,000. Details of the transaction was set out in the announcement of the Company dated March 9, 2005. As at March 31, 2005, sale and purchase of 10,000,000 Shares has been completed, the outstanding number of share to be sold and purchased is 180,000,000 Shares.

The 340,000,003 Shares represented 160,000,003 Shares beneficially owned by Hai Xia and 180,000,000 Shares agreed to be acquired by Hai Xia from Mr. Liu.

- (2) Madam Xu Xau Lan is the spouse of Mr. Liu, the managing director of the Company.

The 510,000,000 Shares represented 195,000,000 Shares beneficially owned by Mr. Liu, 135,000,000 share options granted to Mr. Liu by the Company and the 180,000,000 Shares agreed to be delivered to Hai Xia by Mr. Liu pursuant to note 1 above.

- (3) On February 19, 2005, a subscription agreement was entered into between the Company and GAIL (India) Limited in relation to the subscription of 210,000,000 new Shares of the Company at a subscription price of HK\$1.158 per new Shares. As at March 31, 2005, GAIL (India) Limited did not hold any shares of the Company. Completion was taken place on May 3, 2005.

Save as disclosed herein, as at March 31, 2005, the directors and the chief executives of the Company were not aware of any person who had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group.

主要股東 (續)

附註：

- (1) 於二零零五年三月八日，海峽與劉先生訂立一項買賣協議，據此，劉先生同意出售而海峽同意購買190,000,000股股份，買賣共分五次進行，現金代價總值330,000,000港元。交易詳情載於本公司於二零零五年三月九日刊發之公佈內。於二零零五年三月三十一日，其中10,000,000股股份之買賣交易已告完成，買賣股份之餘額為180,000,000股。

該等340,000,003股股份乃指由海峽實益擁有之160,000,003股股份及海峽同意將予向劉先生購入之180,000,000股股份。

- (2) 許秀蘭女士為本公司董事總經理劉先生之配偶。

該等510,000,000股股份乃指由劉先生實益擁有之195,000,000股股份、本公司授予劉先生之135,000,000份購股權及根據上文附註1劉先生將予交付海峽之180,000,000股股份。

- (3) 於二零零五年二月十九日，本公司與GAIL (India) Limited訂立一項認購協議，內容有關按認購價每股新股份1.158港元，認購210,000,000股本公司之新股份。於二零零五年三月三十一日，GAIL (India) Limited並無持有本公司任何股份。完成於二零零五年五月三日進行。

除上文所披露者外，於二零零五年三月三十一日，本公司董事及行政總裁概不知悉任何人士於股份或相關股份中擁有或被視作擁有根據證券及期貨條例第XV部第2及第3分部之條文必須向本公司披露之權益或短倉，或直接或間接擁有5%或以上之任何類別股本面值（附有在一切情況下於本公司或本集團任何成員公司之股東大會上投票的權利）。

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than those set out in "Connected Transaction" below and note 45 to the financial statements, no contract 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.

CONNECTED TRANSACTIONS

On April 28, 2004, the Company issued 130,000,000 ordinary shares of HK\$0.01 each for a total consideration of HK\$84,500,000 to Mr. Liu, the managing director of the Company.

On May 19, 2004, 中亞燃氣實業(深圳)有限公司 (Central Asia Natural Gas (Shenzhen) Company Limited) (「中亞燃氣」) entered into an agreement with a minority shareholder of 淮南中燃城市燃氣發展有限公司 (Huainan China Gas City Gas Development Co., Ltd.) ("Huainan China Gas") in relation to the acquisition of the remaining 30% equity interests of a non-wholly owned subsidiary-Huainan China Gas at zero consideration. A summary of the terms of agreement is set out in the announcement of the Company dated May 24, 2004.

On July 27, 2004, 中亞燃氣 entered into an agreement with a minority shareholder of 隨州中燃城市燃氣發展有限公司 (Suizhou Zhongran City Gas Development Limited) ("Suizhou Zhongran") in relation to the acquisition of the remaining 10% equity interests of a non-wholly owned subsidiary-Suizhou Zhongran at zero consideration. A summary of the terms of agreement is set out in the announcement of the Company dated July 28, 2004.

董事之重要合約權益

除下文「關連交易」及財務報表附註45所載者外，本公司之董事概無於本公司或其附屬公司所訂立於本年度結束時或本年度任何時間有效之任何重大合約中直接或間接擁有重大權益。

關連交易

於二零零四年四月二十八日，本公司向本公司董事總經理劉先生發行130,000,000股每股面值0.01港元之股份，總代價為84,500,000港元。

於二零零四年五月十九日，中亞燃氣實業(深圳)有限公司(「中亞燃氣」)與淮南中燃城市燃氣發展有限公司(「淮南中燃」)之少數股東訂立協議，內容有關以無償方式收購非全資附屬公司－淮南中燃城市燃氣發展有限公司之其餘30%股本權益。該協議條款之概要載於本公司於二零零四年五月二十四日刊發之公佈內。

於二零零四年七月二十七日，中亞燃氣與隨州中燃城市燃氣發展有限公司(「隨州中燃」)之少數股東訂立一項協議，內容有關以無償方式收購非全資擁有公司－隨州中燃城市燃氣發展有限公司餘下之10%股本權益。該協議條款之概要載於本公司於二零零四年七月二十八日發表之公佈內。



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CONNECTED TRANSACTIONS (Continued)

On August 19, 2004, the Company entered into an agreement with the vendor in relation to the acquisition of the entire share capital and the shareholder loan of Great Sun Investment Co. Ltd., which held 25% equity interest in Xiaogan Zhenrong Gas Co., Ltd., Hanchuan Jiaxu Gas Co., Ltd., Yingcheng Jiaxu Gas Co., Ltd., Yumeng Jiaxu Gas Co., Ltd., and Xiaogan Jianxu Gas Co., Ltd., at a total consideration of RMB81,600,000 (approximately HK\$77,714,000). On the same date, 中亞燃氣 entered into agreements with the vendor in relation to acquisition of 10% equity interests in Hanchuan Jiaxu Gas Co., Ltd., Yingcheng Jiaxu Gas Co., Ltd., Yumeng Jiaxu Gas Co., Ltd., and Xiaogan Jianxu Gas Co., Ltd., at a total consideration of RMB17,700,000 (approximately HK\$16,856,000).

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

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for less than 30% of the Group's turnover. The aggregate purchases attributable to the Group's five largest suppliers were 53% of total purchases of the Group, with the largest supplier accounted for approximately 19%.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

關連交易 (續)

於二零零四年八月十九日，本公司與賣方訂立一項協議，內容關於以總代價人民幣81,600,000元(約相當於77,714,000港元)收購嘉旭投資有限公司(持有孝感振戎天然氣有限公司、漢川嘉旭天然氣有限公司、應城嘉旭天然氣有限公司、雲夢嘉旭天然氣有限公司及孝感嘉旭天然氣有限公司之25%股本權益)全部股本及股東貸款。同日，中亞燃氣與賣方訂立協議，內容關於以總代價人民幣17,700,000元(約相當於16,856,000港元)，收購漢川嘉旭天然氣有限公司、應城嘉旭天然氣有限公司、雲夢嘉旭天然氣有限公司及孝感嘉旭天然氣有限公司之10%股本權益。

獨立非執行董事確認此項交易乃由本公司於日常業務範圍內根據規管此項交易之協議之條款訂立。

主要客戶及供應商

本集團五大客戶佔本集團營業額少於30%。本集團五大供應商之採購額總和共佔本集團總採購額53%，而最大供應商則約佔19%。

年內概無董事、董事之聯繫人士或就董事所知擁有本公司股本5%以上之股東於本集團五大供應商擁有實益權益。

購買、出售或贖回上市證券

年內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

PRE-EMPTIVE RIGHTS

There are no provision 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 the existing shareholders.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended March 31, 2005 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules on the Stock Exchange (which has in force prior to January 1, 2005) except that the independent non-executive directors are not appointed for a specific term but are subject to a retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company.

The Company has received from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

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

Xu Ying
VICE CHAIRMAN

July 8, 2005

優先購買權

根據本公司之公司細則或百慕達公司法，並無任何規定本公司按比例向現有股東發售新股份之優先購買權條文。

公司管治

本公司於截至二零零五年三月三十一日止年度全年均遵守聯交所頒佈之上市規則附錄十四所載之最佳應用守則(於二零零五年一月一日前仍具效力)，惟非執行董事並無固定任期，而是根據本公司公司細則於股東週年大會上輪席告退及重選連任。

本公司已收到各獨立非執行董事根據上市規則第3.13條有關其獨立性之每年確認函。本公司認為，所有獨立非執行董事均為獨立人士。

核數師

在股東週年大會上將提呈一項決議案，續聘德勤•關黃陳方會計師行為本公司之核數師。

代表董事會

副主席
徐鷹

二零零五年七月八日