

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The activities of its principal subsidiaries and associates are set out in notes 46 and 47 respectively to the financial statements.

RESULTS

The results of the Group for the year ended March 31, 2005 are set out in the consolidated income statement on page 32.

INVESTMENT PROPERTIES

The Group's investment properties were revalued as at March 31, 2005, as set out in note 12 to the financial statements. The resulting surplus arising on revaluation has been credited directly to the investment property revaluation reserve and consolidated income statement with an amount of HK\$973,000 and HK\$121,000 respectively.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$60 million. Details of these and other movements in the property, plant and equipment of the Group and the Company during the year are set out in note 13 to the financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at March 31, 2005 are set out on page 102.

SHARE CAPITAL AND WARRANTS

Movements in the share capital and warrants of the Company are set out in note 25 to the financial statements.

RESERVES

Details of movements during the year in the reserves of the Group and the Company are set out in note 26 to the financial statements.

董事會報告書

董事謹此提呈本公司截至二零零五年三月三十一日止年度之年報及經審核財務報表。

主要業務

本公司乃投資控股公司，並為其附屬公司提供公司管理服務。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46及47。

業績

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32頁之綜合收益賬內。

投資物業

於二零零五年三月三十一日，本集團重估其投資物業，有關詳情載於財務報表附註12，因而產生之重估盈餘達973,000港元及121,000港元，已直接於投資物業重估儲備及綜合收益賬入賬。

物業、廠房及設備

本集團於年內按成本約60,000,000港元收購物業、廠房及設備。本集團與本公司之該等及其他物業、廠房及設備於年內之變動情況載於財務報表附註13。

主要物業

本集團於二零零五年三月三十一日所持有之主要物業詳情載於第102頁。

股本及認股權證

本公司之股本及認股權證變動情況載於財務報表附註25。

儲備

本集團及本公司於年內之儲備變動詳情載於財務報表附註26。

REPORT OF THE DIRECTORS – continued

DIRECTORS

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

Executive directors:

Chan Heng Fai
Chan Tong Wan
Chan Yoke Keow
Chan Sook Jin, Mary-ann

Non-executive director:

Fong Kwok Jen

Independent non-executive directors:

Lee Ka Leung, Daniel
Wong Dor Luk, Peter
Da Roza Joao Paulo (appointed on July 20, 2004)

Alternate directors:

Lau Kwok Fai (alternate to Chan Heng Fai)
Wooldridge Mark Dean (alternate to Fong Kwok Jen)

In accordance with Articles 78 and 79 of the Company's Articles of Association, Messrs. Fong Kwok Jen and Wong Dor Luk, Peter retire by rotation and, being eligible, offer themselves for re-election. The term of office of each non-executive director and independent non-executive director is the period up to his retirement by rotation and each one of them can be re-appointed in accordance with the above articles.

董事會報告書 – 續

董事

年內及截至本報告日期為止，本公司之在任董事如下：

執行董事：

陳恒輝
陳統運
陳玉嬌
陳淑貞

非執行董事：

鄺國禎

獨立非執行董事：

李家樑
王多祿
Da Roza Joao Paulo (於二零零四年七月二十日獲委任)

替任董事：

劉國輝 (陳恒輝之替任董事)
Wooldridge Mark Dean (鄺國禎之替任董事)

根據本公司之公司組織章程細則第78及79條，鄺國禎先生及王多祿先生須輪值告退，惟合資格且願膺選連任。各非執行董事及獨立非執行董事之任期至根據上述細則輪值告退為止，且均可根據上述細則再獲委任。

DIRECTORS' INTERESTS IN SECURITIES

(1) Directors' and chief executives' interests in shares and underlying shares

At March 31, 2005, the interests of the directors and the chief executives and their associates in the shares, underlying shares and convertible debentures 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 ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long positions

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

董事姓名 Name of director	身分 Capacity	所持已發行 普通股數目 Number of issued ordinary shares held	佔本公司已發行 股本百分比 Percentage of the issued share capital of the Company %
Chan Heng Fai 陳恒輝	Beneficial owner 實益擁有人	129,726,225	7.98
Chan Yoke Keow 陳玉嬌	Beneficial owner 實益擁有人	31,437,275	1.93
	Held by trust (Note 1) 以信託持有 (附註1)	59,733,600	3.67
	Held by controlled corporations (Note 2) 所控制之公司持有 (附註2)	573,558,425	35.27
		664,729,300	40.87
Chan Sook Jin, Mary-ann 陳淑貞	Beneficial owner 實益擁有人	25,650	–
	Held by spouse (Note 3) 由配偶持有 (附註3)	3,416,000	0.21
		3,441,650	0.21
Fong Kwok Jen 鄺國禎	Beneficial owner 實益擁有人	3,828,000	0.24
Chan Tong Wan 陳統運	Beneficial owner 實益擁有人	5,252,150	0.32
Wong Dor Luk, Peter 王多祿	Beneficial owner 實益擁有人	280,000	0.02
Da Roza Joao Paulo	Beneficial owner 實益擁有人	4,800	–
	Held by spouse (Note 4) 由配偶持有 (附註4)	460,000	0.03
		464,800	0.03
		807,722,125	49.67

董事於證券之權益

(1) 董事及主要行政人員於股份及相關股份之權益

於二零零五年三月三十一日，董事及主要行政人員及彼等之聯繫人士於本公司及其相聯法團之股份、相關股份及可換股債券中，擁有記錄於本公司根據證券及期貨條例（「證券及期貨條例」）第352條存置之登記冊之權益，或根據上市公司董事進行證券交易的標準守則已知會本公司及香港聯合交易所有限公司之權益如下：

好倉

(a) 本公司每股面值0.01港元之普通股

所持已發行 普通股數目 Number of issued ordinary shares held	佔本公司已發行 股本百分比 Percentage of the issued share capital of the Company %
129,726,225	7.98
31,437,275	1.93
59,733,600	3.67
573,558,425	35.27
664,729,300	40.87
25,650	–
3,416,000	0.21
3,441,650	0.21
3,828,000	0.24
5,252,150	0.32
280,000	0.02
4,800	–
460,000	0.03
464,800	0.03
807,722,125	49.67

REPORT OF THE DIRECTORS – continued

董事會報告書 – 續

DIRECTORS' INTERESTS IN SECURITIES – continued

董事於證券之權益 – 續

(1) Directors' and chief executives' interests in shares and underlying shares – continued

(1) 董事及主要行政人員於股份及相關股份之權益 – 續

Long positions – continued

好倉 – 續

(b) Share options

(b) 購股權

董事姓名	身分	所持購股權數目	相關股份數目
Name of director	Capacity	Number of options held	Number of underlying shares
Chan Heng Fai 陳恒輝	Beneficial owner 實益擁有人	162,000,000	162,000,000
Chan Yoke Keow 陳玉嬌	Beneficial owner 實益擁有人	50,000,000	50,000,000
Chan Sook Jin, Mary-ann 陳淑貞	Beneficial owner 實益擁有人	5,000,000	5,000,000
Fong Kwok Jen 鄺國禎	Beneficial owner 實益擁有人	8,000,000	8,000,000
Chan Tong Wan 陳統運	Beneficial owner 實益擁有人	15,000,000	15,000,000
Lee Ka Leung, Daniel 李家樑	Beneficial owner 實益擁有人	3,000,000	3,000,000
Wong Dor Luk, Peter 王多祿	Beneficial owner 實益擁有人	3,000,000	3,000,000
		246,000,000	246,000,000

REPORT OF THE DIRECTORS – continued

董事會報告書 – 續

DIRECTORS' INTERESTS IN SECURITIES – continued

董事於證券之權益 – 續

(1) Directors' and chief executives' interests in shares and underlying shares – continued

(1) 董事及主要行政人員於股份及相關股份之權益 – 續

Long positions – continued

好倉 – 續

(c) Warrants

(c) 認股權證

董事姓名 Name of director	身分 Capacity	所持認股權證 數目 Number of warrants held	相關股份數目 Number of underlying shares
Chan Heng Fai 陳恒輝	Beneficial owner 實益擁有人	12,102,244	12,102,244
Chan Yoke Keow 陳玉嬌	Beneficial owner 實益擁有人	4,392,927	4,392,927
	Held by trust (Note 1) 以信託持有 (附註1)	11,946,720	11,946,720
	Held by controlled corporations (Note 2) 所控制之公司持有 (附註2)	62,093,447	62,093,447
		78,433,094	78,433,094
Chan Sook Jin, Mary-ann 陳淑貞	Beneficial owner 實益擁有人	5,129	5,129
	Held by spouse (Note 3) 由配偶持有 (附註3)	683,200	683,200
		688,329	688,329
Fong Kwok Jen 鄺國禎	Beneficial owner 實益擁有人	765,600	765,600
Chan Tong Wan 陳統運	Beneficial owner 實益擁有人	1,039,989	1,039,989
Wong Dor Luk, Peter 王多祿	Beneficial owner 實益擁有人	56,000	56,000
Da Roza Joao Paulo	Beneficial owner 實益擁有人	960	960
	Held by spouse (Note 4) 由配偶持有 (附註4)	92,000	92,000
		92,960	92,960
		93,178,216	93,178,216

DIRECTORS' INTERESTS IN SECURITIES – continued

(1) Directors' and chief executives' interests in shares and underlying shares – continued

Long positions – continued

(c) Warrants – continued

Notes:

1. These shares and warrants are owned by a discretionary trust, HSBC Trust (Cook Island) Limited. Mrs. Chan Yoke Keow ("Mrs. Chan") is one of the discretionary objects.
2. These shares and warrants are owned by First Pacific International Limited and Prime Star Group Co. Ltd., in which Mrs. Chan has 100% equity interests.
3. These shares and warrants are owned by Mr. Wooldridge Mark Dean, the spouse of Ms. Chan Sook Jin, Mary-ann.
4. These shares and warrants are owned by Ms. Josephina B. Ozorio, the spouse of Mr. Da Roza Joao Paulo.

(d) Shares in subsidiaries

At March 31, 2005, the following directors held interests in the shares of certain subsidiaries of the Company as follows:

Global Med Technologies, Inc. ("Global Med")

Chan Heng Fai	陳恒輝	29,715	–
Chan Yoke Keow	陳玉嬌	–	29,715 (附註) (Note)
Fong Kwok Jen	鄺國禎	22,285	–

PeopleMed.com, Inc.

Chan Heng Fai	陳恒輝	100,000	–
Chan Yoke Keow	陳玉嬌	–	100,000 (附註) (Note)
Chan Tong Wan	陳統運	25,000	–
Fong Kwok Jen	鄺國禎	25,000	–

Note: These shares are owned by Mr. Chan Heng Fai ("Mr. Chan"), the spouse of Mrs. Chan.

董事於證券之權益 – 續

(1) 董事及主要行政人員於股份及相關股份之權益 – 續

好倉 – 續

(c) 認股權證 – 續

附註:

1. 該等股份及認股權證由一項全權信託 HSBC Trust (Cook Island) Limited 擁有，而陳玉嬌女士（「陳女士」）乃該項信託之受益人之一。
2. 該等股份及認股權證由陳女士擁有 100% 股本權益之 First Pacific International Limited and Prime Star Group Co. Ltd. 擁有。
3. 該等股份及認股權證由陳淑貞女士之配偶 Wooldridge Mark Dean 先生擁有。
4. 該等股份及認股權證由 Da Roza Joao Paulo 先生之配偶 Josephina B. Ozorio 女士擁有。

(d) 於附屬公司之股份

於二零零五年三月三十一日，以下董事於本公司若干附屬公司之股份持有之權益如下：

Global Med Technologies, Inc. (「Global Med」)

所持普通股數目	
Number of ordinary shares held	
個人權益	家族權益
Personal interests	Family interests

Chan Heng Fai	陳恒輝	29,715	–
Chan Yoke Keow	陳玉嬌	–	29,715 (附註) (Note)
Fong Kwok Jen	鄺國禎	22,285	–
PeopleMed.com, Inc.			
Chan Heng Fai	陳恒輝	100,000	–
Chan Yoke Keow	陳玉嬌	–	100,000 (附註) (Note)
Chan Tong Wan	陳統運	25,000	–
Fong Kwok Jen	鄺國禎	25,000	–

附註：該等股份由陳女士之配偶陳恒輝先生（「陳先生」）擁有。

REPORT OF THE DIRECTORS – continued

董事會報告書 – 續

DIRECTORS' INTERESTS IN SECURITIES – continued

董事於證券之權益 – 續

(2) Options

Particulars of the Company's and subsidiaries' share option schemes are set out in note 42 to the financial statements.

The following table discloses details of the Company's share options in issue during the year:

Old Share Option Scheme

董事姓名	授出日期	可予行使期限	每股行使價	於二零零四年	於二零零五年	年內註銷	尚未行使
				四月一日	三月三十一日		
Name of director	Date granted	Exercisable period	Exercise price per share 港元 HK\$	Outstanding at 4.1.2004	Cancelled during the year	Outstanding at 3.31.2005	
Category 1: Directors	第一類: 董事						
Mr. Chan	陳先生	4.22.1996	4.22.1996 – 4.21.2006	0.4025	1,000,000	(1,000,000)	-
		5.15.1997	5.15.1997 – 5.14.2007	0.4512	6,660,000	(6,660,000)	-
		10.26.1997	10.26.1997 – 10.25.2007	0.3064	14,400,000	(14,400,000)	-
Mrs. Chan	陳女士	4.22.1996	4.22.1996 – 4.21.2006	0.4025	2,071,739	(2,071,739)	-
		5.15.1997	5.15.1997 – 5.14.2007	0.4512	6,660,000	(6,660,000)	-
		10.26.1997	10.26.1997 – 10.25.2007	0.3064	14,400,000	(14,400,000)	-
Chan Sook Jin, Mary-ann	陳淑貞	10.26.1997	10.26.1997 – 10.25.2007	0.3064	25,000,000	(25,000,000)	-
Total for directors	董事總數				70,191,739	(70,191,739)	-
Category 2: Employees	第二類: 僱員						
Total for employees	僱員總數	5.15.1997	5.15.1997 – 5.14.2007	0.4512	1,300,000	(1,300,000)	-
Total for all categories	所有類別總數				71,491,739	(71,491,739)	-

At March 31, 2004, the number of shares in respect of which options had been granted and remained outstanding under the Old Share Option Scheme was 71,491,739, representing 4.7% of the share of the Company in issue at that date.

(2) 購股權

本公司及附屬公司之購股權計劃詳情載於財務報表附註42。

下表披露本公司於年內已發行之購股權詳情：

舊購股權計劃

於二零零四年三月三十一日，根據舊購股權計劃已授出但仍然尚未行使之購股權涉及之股份數目為71,491,739股，佔本公司於該日之已發行股份4.7%。

DIRECTORS' INTERESTS IN SECURITIES – continued

董事於證券之權益 – 續

(2) Options – continued

(2) 購股權 – 續

New Share Option Scheme

新購股權計劃

董事姓名 Name of director	授出日期 Date granted	可予行使期限 Exercisable period	每股行使價 Exercise price per share 港元 HK\$	於二零零四年	年內授出 Granted during the year	年內註銷 Cancelled during the year	於二零零五年	
				四月一日 尚未行使 Outstanding at 4.1.2004 港元 HK\$			三月三十一日 尚未行使 Outstanding at 3.31.2005	
Category 1: Directors	第一類: 董事							
Mr. Chan	陳先生	11.1.2004 11.15.2004	11.1.2004 – 5.8.2013 11.20.2004 – 5.8.2013	0.1600 0.1616	– –	15,000,000 147,000,000	– –	15,000,000 147,000,000
Mrs. Chan	陳女士	11.1.2004 11.15.2004	11.1.2004 – 5.8.2013 11.20.2004 – 5.8.2013	0.1600 0.1616	– –	15,000,000 35,000,000	– –	15,000,000 35,000,000
Chan Tong Wan	陳統運	11.15.2004	11.20.2004 – 5.8.2013	0.1616	–	15,000,000	–	15,000,000
Chan Sook Jin, Mary-ann	陳淑貞	11.15.2004	11.20.2004 – 5.8.2013	0.1616	–	5,000,000	–	5,000,000
Fong Kwok Jen	龐國禎	11.15.2004	11.20.2004 – 5.8.2013	0.1616	–	8,000,000	–	8,000,000
Lee Ka Leung, Daniel	李家樑	11.15.2004	11.20.2004 – 5.8.2013	0.1616	–	3,000,000	–	3,000,000
Wong Dor Luk, Peter	王多祿	11.15.2004	11.20.2004 – 5.8.2013	0.1616	–	3,000,000	–	3,000,000
Total for directors	董事總數				–	246,000,000	–	246,000,000
Category 2: Employees	第二類: 僱員							
Total for employees	僱員總數	11.15.2004	11.20.2004 – 5.8.2013	0.1616	–	40,000,000	(4,500,000)	35,500,000
Total for all categories	所有類別總數				–	286,000,000	(4,500,000)	281,500,000

The closing price of the Company's shares immediately before November 1, 2004 and November 15, 2004, the dates on which the share options were granted, were both HK\$0.16.

本公司股份於緊接二零零四年十一月一日及二零零四年十一月十五日（購股權之授出日期）之收市價均為0.16港元。

At March 31, 2005, the number of shares in respect of which options had been granted and remained outstanding under the New Share Option Scheme was 281,500,000, representing 17.3% of the share of the Company in issue at that date.

於二零零五年三月三十一日，根據新購股權計劃已授出但仍然尚未行使之購股權涉及之股份數目為281,500,000股，佔本公司於該日之已發行股份17.3%。

REPORT OF THE DIRECTORS – continued

DIRECTORS' INTERESTS IN SECURITIES – continued

(2) Options – continued

In addition, details of outstanding options to subscribe for shares in the capital of certain subsidiaries of the Company, granted to certain directors of the Company under the share option schemes of these subsidiaries were as follows:

- (i) *eBanker USA.com, Inc. ("eBanker")*

The following table presents details of share options in issue during the year.

Category 1: Directors

Mr. Chan
Fong Kwok Jen

Total held by directors

Category 2: Employees

Total held by employees

Total

第一類：董事

陳先生
鄺國禎

董事所持總數

第二類：僱員

僱員所持總數

總計

There was no movement in the share options granted by eBanker during the year.

董事會報告書 – 續

董事於證券之權益 – 續

(2) 購股權 – 續

此外，以下可認購本公司若干附屬公司股本中股份之尚未行使購股權乃根據該等附屬公司之購股權計劃授予本公司若干董事，詳情如下：

- (i) *eBanker USA.com, Inc. ("eBanker")*

下表乃年內已發行購股權之詳情。

每股行使價	於二零零五年 三月三十一日之 購股權數目
Exercise price per share	Number of share options at 3.31.2005
美元	
US\$	

3.00 500,000

3.00 100,000

600,000

3.00 20,000

620,000

eBanker授出之購股權於年內並無任何變動。

REPORT OF THE DIRECTORS – continued

董事會報告書 – 續

DIRECTORS' INTERESTS IN SECURITIES – continued

董事於證券之權益 – 續

(2) Options – continued

(2) 購股權 – 續

(ii) Global Med

(ii) Global Med

The following table presents the activity for options for the year ended and as of March 31, 2005:

下表乃購股權於截至二零零五年三月三十一日止年度及於該日之詳情：

		每股行使價 Exercise price per share 美元 US\$	於二零零五年 三月三十一日之 購股權數目 Number of share options at 3.31.2005
Category 1: Directors	第一類：董事		
Mr. Chan	陳先生	0.75	150,000
Chan Tong Wan	陳統運	0.66	50,000
Fong Kwok Jen	鄺國禎	0.75	75,000
Total held by directors	董事所持總數		275,000
Category 2: Employees	第二類：僱員		
Total held by employees	僱員所持總數	0.78	8,824,442
Total	總計		9,099,442
		購股權 Options	價格* Price* 美元 US\$
Outstanding, beginning of year	年初尚未行使	8,754,942	0.76
Exercised	行使	(245,000)	0.72
Granted	授出	750,000	1.05
Forfeited/cancelled	已沒收／註銷	(160,500)	0.69
Outstanding, end of year	年終尚未行使	9,099,442	0.78

DIRECTORS' INTERESTS IN SECURITIES – continued

董事於證券之權益 – 續

(2) Options – continued

(2) 購股權 – 續

(ii) Global Med – continued

(ii) Global Med – 續

The following table presents the composition of options outstanding and exercisable as of March 31, 2005:

下表呈列於二零零五年三月三十一日尚未行使及可予行使購股權之情況：

行使價範圍 Range of exercise price 美元 US\$	尚未行使購股權 Options Outstanding			可予行使購股權 [#] Exercisable Options [#]	
	購股權數目 Number of options	價格* Price* 美元 US\$	年期* Life*	購股權數目 Number of options	價格* Price* 美元 US\$
0.45-0.55	194,000	0.47	8.0	62,000	0.49
0.56-1.00	7,638,498	0.65	5.4	6,112,164	0.67
1.01-1.50	729,000	1.29	3.2	302,332	1.18
1.51-2.00	313,694	1.78	2.7	321,694	1.78
2.45-3.00	210,750	2.51	2.0	210,750	2.51
3.75	13,500	3.75	1.3	13,500	3.75
總計 Total	<u>9,099,442</u>	<u>0.78</u>	<u>5.3</u>	<u>7,022,440</u>	<u>0.80</u>

* Price and life reflect the weighted average exercise price and weighted average remaining contractual life respectively.

* 價格及年期分別指加權平均行使價及加權平均尚餘契約期。

Options granted under the share of option scheme of Global Med vest on a straight-line basis, based on schedules as determined by the board of directors of Global Med upon grant.

根據Global Med購股權計劃授出之購股權按Global Med董事會於授出時釐定之時間表以直線法歸屬。

The fair value of the options in the Company and Global Med granted during the year are not disclosed as in the opinion of the directors, certain assumptions needed to derive the fair value using the Black-Scholes option pricing model cannot be reasonably determined.

董事認為，由於未能合理釐訂若干採用柏力克－舒爾斯期權訂價模式計算公平值所需之假設，故並無披露年內授出之本公司及Global Med購股權公平值。

Other than as disclosed 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.

除上文披露者外，本公司或其任何附屬公司於年內任何時間概無參與任何安排，致使本公司董事可藉收購本公司或任何其他法人團體之股份或債券而獲益。

DIRECTORS' SERVICE CONTRACTS

董事之服務合約

- (i) On November 9, 1998, a service contract (“Service Contract”) was entered into between the Company and Mr. Chan, for a term of five years expiring on January 31, 2002. This Service Contract superseded the prior service contract and the terms of the Service Contract are deemed to have taken effect on February 1, 1997. On November 25, 2000, a supplementary agreement was entered into between the Company and Mr. Chan for the extension of the Service Contract for a period of three years expiring on January 31, 2005.

Commencing from February 1, 1998 and up to January 31, 2005, the Service Contract provides for the payment of a salary of the greater of (a) an annual salary equal to 5.9% of the net assets value of the Company as shown in its consolidated audited accounts at each financial year end, or (b) 101% of the basic salary for the immediately preceding year commencing from February 1, 1997 to January 31, 1998. In addition, Mr. Chan is also entitled to receive an accommodation allowance of HK\$30,000 per month.

On August 22, 2003, Mr. Chan submitted a “Voluntary Undertaking to Reduce Basic Remuneration by Approximately 50% Effective August 1, 2003” (“Voluntary Reduction Undertaking”) to the board of directors of the Company. This Voluntary Reduction Undertaking, effective August 1, 2003, through the remaining life of the Service Contract, voluntarily amends the Service Contract by placing additional limits on Mr. Chan’s remuneration, resulting in an immediate going-forward reduction of approximately 50% in basic salary remuneration, and requiring any additional remuneration to be subject to the Company’s profit before taxation as shown in its consolidated audited accounts at each financial year end. The Company will not be obligated to remunerate Mr. Chan any more than would be required under the Service Contract before this Voluntary Reduction Undertaking.

In the event that the Company should terminate Mr. Chan’s employment following the change of control of the Company, as defined in the Service Contract, or for any reasons not specifically excluded in the Service Contract, Mr. Chan shall be entitled to receive as liquidated damages a lump sum equal to the sum which would have been payable by the Company as gross salary in respect of the unexpired term of the Service Contract on the date notice of termination is given.

- (i) 於一九九八年十一月九日，本公司與陳先生訂立一份為期五年之服務合約（「服務合約」），於二零零二年一月三十一日屆滿。此服務合約取代之前訂立之服務合約，而服務合約之條款被當作已於一九九七年二月一日生效。於二零零零年十一月二十五日，本公司與陳先生訂立一項補充協議，將服務合約延長三年，於二零零五年一月三十一日屆滿。

由一九九八年二月一日起至二零零五年一月三十一日止，服務合約規定須支付薪金之金額為下列較高者：(a)相等於本公司每個財政年度年結日之綜合經審核賬目所示本公司資產淨值5.9%之年薪；或(b)緊接一九九七年二月一日至一九九八年一月三十一日之前一年基本薪金之101%。此外，陳先生亦有權收取每月30,000港元之房屋津貼。

於二零零三年八月二十二日，陳先生向本公司董事會呈交「自願承諾自二零零三年八月一日起減薪約50%」（「自願減薪承諾」）。此自願減薪承諾自二零零三年八月一日起生效，直至服務合約結束，就陳先生之薪酬作出額外限制，自願修訂服務合約，基本薪酬即時持續減低約50%，而任何額外薪酬須取決於每個財政年度年結日之本公司綜合經審核賬目所示除稅前溢利。本公司毋須再向陳先生支付服務合約於自願減薪承諾前規定之薪酬。

倘本公司因控制權轉變（定義見服務合約），或因服務合約並無特別訂明豁免之任何原因而終止僱用陳先生，則陳先生有權於接獲解僱通知當日收取一筆定額賠償，數額相當於本公司於服務合約餘下期間須付予陳先生之薪金總額。

DIRECTORS' SERVICE CONTRACTS – continued

董事之服務合約 – 續

On February 25, 2005, a new service contract (the "New Service Contract") was entered into between the Company and Mr. Chan, for a term of three years expiring on January 31, 2008. The New Service Contract provides for the payment of a salary of HK\$2,100,000 per month. In addition, Mr. Chan is also entitled to receive an accommodation allowance of HK\$30,000 per month.

本公司與陳先生於二零零五年二月二十五日訂立一份為期三年之新服務合約（「新服務合約」），將於二零零八年一月三十一日屆滿。新服務合約規定須支付之薪金金額為每月2,100,000港元。此外，陳先生亦有權收取每月30,000港元之房屋津貼。

In the event that the Company should terminate Mr. Chan's employment following the change of control of the Company, as defined in the New Service Contract, or for any reasons not specifically excluded in the New Service Contract, Mr. Chan shall be entitled to receive as liquidated damages a lump sum equal to the sum which would have been payable by the Company as gross salary (excluding bonus, if applicable), not to exceed 12 months of salary, in respect of the unexpired term of the New Service Contract on the date notice of termination is given.

倘本公司因控制權轉變（定義見新服務合約），或因新服務合約並無特別訂明豁免之任何原因而終止僱用陳先生，則陳先生有權於接獲解僱通知當日收取一筆定額賠償，數額相當於本公司於新服務合約餘下期間須付予陳先生之薪金總額（不包括花紅（如適用）），惟不得超出12個月薪金。

(ii) On April 22, 2002, a service contract was entered into between the Company and Mrs. Chan for a term of 5 years expiring on February 1, 2007. This service contract provides for the payment of a salary of the greater of (a) an annual salary equal to 1% of the net asset value of the Company as shown in its consolidated audited accounts at each financial year end, or (b) 110% of the basic salary as mentioned in the service contract with Mrs. Chan. In addition, Mrs. Chan is also entitled to receive an accommodation allowance of HK\$30,000 per month. For a period of 12 calendar months beginning May 1, 2002, Mrs. Chan voluntarily received only 75% of the greater of (a) or (b) above.

(ii) 本公司與陳女士於二零零二年四月二十二日訂立一份為期五年之服務合約，將於二零零七年二月一日屆滿。該服務合約規定須支付之薪金金額為下列較高者：(a)相等於本公司每個財政年度年結日之綜合經審核賬目所示本公司資產淨值1%之年薪；或(b)與陳女士所訂立服務合約所述基本薪金110%。此外，陳女士亦有權收取每月30,000港元之房屋津貼。由二零零二年五月一日起十二個曆月期間，陳女士自願僅收取上文(a)或(b)項較高者之75%。

In the event that the Company should terminate Mrs. Chan's employment following the change of control of the Company, as defined in the service contract, or for any reasons not specifically excluded in the service contract, Mrs. Chan shall be entitled to receive as liquidated damages a lump sum equal to the sum which would have been payable by the Company as gross salary in respect of the unexpired term of the service contract on the date notice of termination is given.

倘本公司因控制權轉變（定義見服務合約），或因服務合約並無特別訂明豁免之任何原因而終止僱用陳女士，則陳女士有權於接獲解僱通知當日收取一筆定額賠償，數額相當於本公司於服務合約餘下期間須付予陳女士之薪金總額。

Other than as disclosed above, none of the directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

除上文披露者外，概無任何董事與本公司訂立任何本公司不可於一年內毋須作出賠償（法定賠償除外）而終止之服務合約。

REPORT OF THE DIRECTORS – continued

董事會報告書 – 續

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Other than certain transactions as disclosed in note 44 to the financial statements, no other 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.

董事於合約及關連交易之權益

除財務報表附註44披露之若干交易外，本公司或其任何附屬公司概無訂立任何本公司董事直接或間接擁有重大權益且於年終或年內任何時間仍然生效之其他重要合約。

SUBSTANTIAL SHAREHOLDERS

As at March 31, 2005, according to the register of interest in shares and underlying shares and short positions kept by the Company pursuant to Section 336 of the SFO and so far as is known to or can be ascertained after reasonable enquiries by the directors, the persons (other than the Directors of the Company or their respective associate) who were interested in 5% or more in the issued share capital of the Company are as follows:

主要股東

於二零零五年三月三十一日，根據本公司遵照證券及期貨條例第336條存置之股份及相關股份權益及淡倉登記冊及據董事目前所知或於作出合理查詢後確定，下列人士（本公司董事或彼等各自之聯繫人士除外）擁有本公司已發行股本5%或以上權益：

名稱 Name	所持股份及相關股份數目 Number of shares and underlying shares held	百分比 %
Prime Star Group Co., Ltd.	516,732,825	31.78
First Pacific International Limited	118,919,047	7.31
Novena Furnishing Centre Pte Ltd.	92,472,000	5.69
Novena Holdings Limited (Note) 羅敏娜控股有限公司 (附註)	92,472,000	5.69

Note: Novena Holdings Limited is deemed to be interested in 92,472,000 shares by virtue of its 100% equity interests in Novena Furnishing Centre Pte Ltd.

附註：基於羅敏娜控股有限公司於Novena Furnishing Centre Pte Ltd.之100%股本權益，其被視為於92,472,000股股份中擁有權益。

Save as disclosed above, as at March 31, 2005, no person other than the directors of the Company whose interests are set out in the section headed "Directors' and chief executives' interests in shares and underlying shares" above, had registered an interest of 5% or more in the issued share capital of the Company, and short positions in the shares and underlying shares that was required to be recorded in the register of interest pursuant to Section 336 of the SFO.

除上文披露者外，於二零零五年三月三十一日，除上文「董事及主要行政人員於股份及相關股份之權益」一節所載本公司董事擁有之權益外，概無任何人士登記擁有本公司已發行股本5%或以上權益及須根據證券及期貨條例第336條記入權益登記冊之股份及相關股份淡倉。

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended March 31, 2005, the aggregate amount of turnover and purchases attributable to the Group's five largest customers and suppliers respectively accounted for less than 30% of the Group's total turnover and purchases.

主要客戶及供應商

截至二零零五年三月三十一日止年度，本集團五大客戶及供應商分別佔本集團營業總額及採購總額不足30%。

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.

購回、出售或贖回上市證券

本公司或其任何附屬公司於年內概無購回、出售或贖回本公司任何上市證券。

REPORT OF THE DIRECTORS – continued

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 45 to the financial statements.

CORPORATE GOVERNANCE

In the opinion of the directors, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

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

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

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

CHAN TONG WAN
MANAGING DIRECTOR

July 26, 2005

董事會報告書 – 續

結算日後事項

於結算日後之重大事項詳情載於財務報表附註45。

公司管治

董事認為，本公司於截至二零零五年三月三十一日止年度一直遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載最佳應用守則。

本公司已接獲獨立非執行董事根據上市規則第3.13條作出之年度獨立身分確認書。本公司認為，全體獨立非執行董事均為獨立人士。

公眾持股量

根據本公司公開可得資料及就董事所知悉，本公司於本報告日期維持上市規則訂明之公眾持股量。

核數師

將於股東週年大會提呈有關續聘德勤•關黃陳方會計師行為本公司核數師之決議案。

代表董事會

董事總經理
陳統運

二零零五年七月二十六日