



## REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and the audited financial statements of the Company and of the Group for the year ended 30 April 2005.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 17 to the financial statements.

### SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activities and geographical area of operations for the year ended 30 April 2005 is set out in note 4 to the financial statements.

### RESULTS AND DIVIDENDS

The Group's profit for the year ended 30 April 2005 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 15 to 56.

The directors do not recommend the payment of any dividend in respect of the year.

### SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years as at 30 April 2001, 2002, 2003, 2004 and 2005, prepared on the basis set out therein, is set out on pages 57 and 58 of this annual report. This summary does not form part of the audited financial statements.

### FIXED ASSETS

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

### SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital during the year, together with the reasons therefor, and details of the share option scheme of the Company are set out in notes 29 and 30 to the financial statements respectively and disclosed under the heading "Share Option Schemes" below.

### EQUITY

The Company's issued and fully paid share capital as at 30 April 2005 amounted to HK\$192,001,800 divided into 1,920,018,000 ordinary shares of HK\$0.10 each.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

**RESERVES**

Details of movements in the reserves of the Company and of the Group during the year are set out in note 31 to the financial statements.

**DISTRIBUTABLE RESERVES**

As at 30 April 2005, the Company had no reserves available for distribution.

**CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 22 September 2005 to Tuesday, 27 September 2005, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the Company's annual general meeting to be held on Tuesday, 27 September 2005, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Share Registrar of the Company in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 21 September 2005.

**PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

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

**MAJOR CUSTOMERS AND SUPPLIERS**

During the year under review, sales to the Group's five largest customers accounted for approximately 10.4% of the total sales for the year and sales to the largest customer included therein amounted to approximately 4.5% of the total sales.

Purchases from the Group's five largest suppliers accounted for approximately 20.9% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 11.3% of the total purchases.

As far as the directors are aware, none of the directors of the Company or their associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), nor 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.



## REPORT OF THE DIRECTORS

### DIRECTORS

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

#### Executive Directors:

Mr. Lai Leong (*Chairman*)  
Mr. Zhu Yi Cai (Resigned on 21 March 2005)  
Mr. Wang Hao  
Mr. Clive William Oxley (Appointed on 19 May 2005)

#### Non-Executive Directors:

Mr. Kwok Chi Sun, Vincent  
Mr. Li Siu Lok, Albert  
Ms. Wan Choi Ha, Noven

#### Independent Non-Executive Directors:

Dr. Chow King Wai  
Mr. Chu Kar Wing  
Mr. Wong Kwok Tai (Appointed on 27 September 2004)

Pursuant to bye-law 86(2) of the bye-laws of the Company, Mr. Clive William Oxley and Mr. Wong Kwok Tai, who were appointed by the board of directors, will hold office until the forthcoming annual general meeting of the Company whereas pursuant to clause 87 of the bye-laws of the Company, Mr. Kwok Chi Sun, Vincent and Mr. Li Siu Lok, Albert, being existing directors of the Company, shall retire from office by rotation and, being eligible, they will all offer themselves for re-election at the forthcoming annual general meeting.

### DIRECTORS' BIOGRAPHIES

#### Executive Directors

Mr. Lai Leong, aged 41, is the Chairman of the Company. Since 1991, Mr. Lai has worked for several property and trading companies in the PRC and has over 15 years of experience in corporate management for companies in Hong Kong and in the PRC.

Mr. Wang Hao, aged 42, is an executive director of the Company. Mr. Wang is engaged as investment consultant in several listed companies in the PRC and has over 12 years of experience in investment management for companies in the PRC.

Mr. Clive William Oxley, OBE, ED, aged 69, is an executive director of the Company. Mr. Oxley served as a senior administrative officer with the Hong Kong Government for 25 years. Since 1995, Mr. Oxley has been acting as a management consultant and is currently the chairman of the Hong Kong Society for the Blind and chairman of the Asian Foundation for the Prevention of Blindness.

**DIRECTORS BIOGRAPHIES** (Continued)**Non-Executive Directors**

Mr. Kwok Chi Sun, Vincent, aged 42, is a non-executive director of the Company. Mr. Kwok is the proprietor of Vincent Kwok & Co., Certified Public Accountants and has over 20 years of experience in audit and finance.

Mr. Li Siu Lok, Albert, aged 45, is a non-executive director of the Company. Mr. Li graduated from the University of Hong Kong with Bachelor of Science (Engineering) in 1985 and The Chinese University of Hong Kong with a Master Degree in Business Administration in 1997. Mr. Li has more than 15 years of business management experience in multi-national corporations.

Ms. Wan Choi Ha, Noven, aged 37, is a non-executive director of the Company. Ms Wan is a solicitor qualified in Hong Kong, and has been practising in Hong Kong for about 11 years. She is a principal partner of a law firm. She holds a Bachelor's degree in law from The University of Hong Kong.

**Independent Non-Executive Directors**

Dr. Chow King Wai, aged 50, is an independent non-executive director of the Company. Dr. Chow holds a doctorate conferred by the University of Texas. He has substantial experience in strategic development and management, and has published widely in the field of administrative science.

Mr. Chu Kar Wing, aged 48, is an independent non-executive director of the Company. Mr. Chu holds a bachelor degree in social science majoring in economics. Mr. Chu has extensive experiences in the banking and finance sector. He is also the independent non-executive director of another three listed companies in Hong Kong.

Mr. Wong Kwok Tai, aged 66, is an independent non-executive director of the Company. Mr. Wong is a Certified Public Accountant and Practicing Member. Mr. Wong has extensive experience in audit and finance areas in different industries. Currently, he is the sole-proprietor of W. Wong & Co., CPA. He is also the independent non-executive director of New Century Group Hong Kong Ltd., Xin Corporation Ltd. and CIL Holdings Ltd. respectively.

The Company has received from each of its independent non-executive directors an annual confirmation of their respective independence for the year ended 30 April 2005.

The Company considers all independent non-executive directors to be sufficiently independent.

**DIRECTORS' SERVICE CONTRACTS**

Mr. Lai Leong, Mr. Zhu Yi Cai and Mr. Wang Hao entered into service contracts with the Company for terms of 3 years commencing from 4 February 2002 which are determinable by either party giving not less than 6 months' written notice. The respective service contracts have been renewed for a further term of 3 years upon expiry on 3 February 2005. Mr. Zhu Yi Cai resigned as an executive director on 21 March 2005 and his service contract was terminated with no compensation on the same date.

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 of compensation, other than statutory compensation.



## REPORT OF THE DIRECTORS

### EMOLUMENT POLICY FOR DIRECTORS

The emoluments payable to directors of the Company are determined in accordance with their duties and responsibilities within the Company and the Company's performance, by a remuneration committee of the board of directors according to its terms of reference.

### DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which any 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.

### POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group transacted during the period from 1 May 2005 up to the date of this report are set out in note 36 to the financial statements.

### DIRECTORS' INTERESTS IN SHARES

As at 30 April 2005, the interests of the directors of the Company in the shares of the Company 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 (the "Model Code"), were as follows:

#### Long Position

Ordinary shares of HK\$0.1 each of the Company:

Director	Nature of interest	Number of shares interested or deemed to be interested	Percentage holdings of the Company's issued share capital as at 30 April 2005
Mr. Lai Leong	Corporate ( <i>Note</i> )	980,020,000	51.04%

*Note:* These shares were held through Wealth Success Limited, a company beneficially owned by Mr. Zhu Yi Cai (a former executive director of the Company) and Mr. Lai Leong as to 52% and 48%, respectively.

Save as disclosed above, as at 30 April 2005, none of the directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which 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 and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests in shares " above, 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.

## SUBSTANTIAL SHAREHOLDERS

As at 30 April 2005, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Name	Nature of interest	Number of shares interested or deemed to be interested	Percentage holding
Wealth Success Limited	Beneficial owner	980,020,000 <i>(Note a)</i>	51.04% <i>(Note c)</i>
Mr. Zhu Yi Cai	Corporate	980,020,000 <i>(Note a)</i>	51.04% <i>(Note c)</i>
Get Nice Investment Limited ("GNIL")	Beneficial owner	576,005,400 <i>(Note b)</i>	23.08% <i>(Note d)</i>
Get Nice Incorporated ("GNI")	Corporate	576,005,400 <i>(Note b)</i>	23.08% <i>(Note d)</i>
Get Nice Holdings Limited ("GNHL")	Corporate	576,005,400 <i>(Note b)</i>	23.08% <i>(Note d)</i>
Honeylink Agents Limited ("HAL")	Corporate	576,005,400 <i>(Note b)</i>	23.08% <i>(Note d)</i>

Notes:

- (a) These shares were held by Wealth Success Limited which was beneficially owned by Mr. Zhu Yi Cai and Mr. Lai Leong as to 52% and 48% respectively. Such interest was also disclosed as the interest of Mr. Lai Leong in the above section headed "Directors' interests in shares",
- (b) GNIL was wholly-owned by GNI which was a wholly-owned subsidiary of GNHL. GNHL was owned as to 35.41% by HAL.
- (c) Such percentage holding was calculated on the basis of the Company's issued share capital of 1,920,018,000 shares as at 30 April 2005.
- (d) Such percentage holding was calculated on the basis of the Company's issued share capital of 2,496,023,400, which was enlarged by the proposed rights issue of the Company in the proportion of 3 right shares for every 10 shares held.

Save as disclosed above, as at 30 April 2005, no person, other than the directors of the Company whose Interests were set out in the section headed "Directors' interests in shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.



## REPORT OF THE DIRECTORS

### CODE OF BEST PRACTICE

Except that the non-executive directors and 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 (the "Listing Rules"), in force prior to the accounting period commencing on 1 January 2005, throughout the accounting year covered by the annual report.

### AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") in 2000 with written terms of reference. In accordance with the requirements of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules (the "CG Code"), the terms of reference of the Audit Committee were revised on 25 August 2005 in terms substantially the same as the provisions set out in the CG Code.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the auditors of the Company. The Audit Committee comprises all three independent non-executive directors of the Company. The Audit Committee had reviewed with senior management of the Group and external auditors the accounting principles and practices adopted by the Group and reviewed the Company's consolidated financial statements for the year ended 30 April 2005.

### REMUNERATION COMMITTEE

According to the CG Code, the Company established a remuneration committee (the "Remuneration Committee") on 25 August 2005 with specific written terms of reference in accordance with the CG Code. The Remuneration Committee comprises all three independent non-executive directors of the Company.

The principal responsibilities of the Remuneration Committee include making recommendations to the board of directors of the Company on the Company's policy and structure for the remuneration of directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing such policy, and reviewing the specific remuneration packages of all executive directors and senior management of the Company by reference to corporate goals and objectives resolved by the board of directors of the Company from time to time.

### EXECUTIVE COMMITTEE

The Company established an executive committee (the "Executive Committee") on 25 August 2005 with specific written terms of reference. The Executive Committee comprises all the executive directors of the Company with Mr. Lai Leong acting as the Chairman.

The principal responsibilities of the Executive Committee include monitoring the execution of the Company's strategic plans and operations of all business units of the Company and discussing and making decisions on matters relating to the management and operations of the Company.

### **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge of the directors of the Company, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended 30 April 2005.

### **AUDITORS**

Messrs. CCIF CPA Limited retire and a resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint CCIF CPA Limited as auditors of the Company.

ON BEHALF OF THE BOARD

**Lai Leong**

*Chairman*

Hong Kong

25 August 2005